

THE UNIVERSITY OF HULL

**Factors Influencing China's Behaviour
in the South China Sea**

being a Thesis submitted for the Degree of

Doctor of Philosophy

In the University of Hull

by

Harumi Yoshino MA (Hull), MA (Tokyo)

2001

Table of Contents

Acknowledgements	iii
Maps	iv
Tables	vii
Glossary	viii
Introduction	1
Chapter 1 International Factors Affecting States' Behaviour	9
Introduction	9
1. Basic assumptions of realism, commercial liberalism and liberal institutionalism concerning influences on states' behaviour	12
1) Realism	12
2) Commercial liberalism	15
3) Liberal institutionalism	21
2. Factors that influence states' behaviour	23
1) Power	24
2) Economic interdependence	41
3) Institutions	50
Conclusion	65
Chapter 2 International Factors Affecting China's Behaviour	68
Introduction	68
1. The balance of power	69
2. Economic interdependence	75
1) China's attitude towards interdependence	75
2) The degree of China's interdependence	78
3) What has China learnt from economic interdependence: is it a constraint or a power resource?	83
3. China's participation in international institutions	99
1) China's general attitude towards international institutions	100
2) China's behaviour in international institutions	104
Conclusion	112
Chapter 3 Domestic Factors Affecting States' Behaviour	115
Introduction	115
1. Domestic factors	116
1) Type of regime	117
2) Decision-making system	126
3) Culture	131
2. Other elements	137
1) Personality of decision-makers	137
2) Perception/misperception	143
3) Interactions between the parties concerned	149
Conclusion: Which are more influential: domestic or international factors?	152

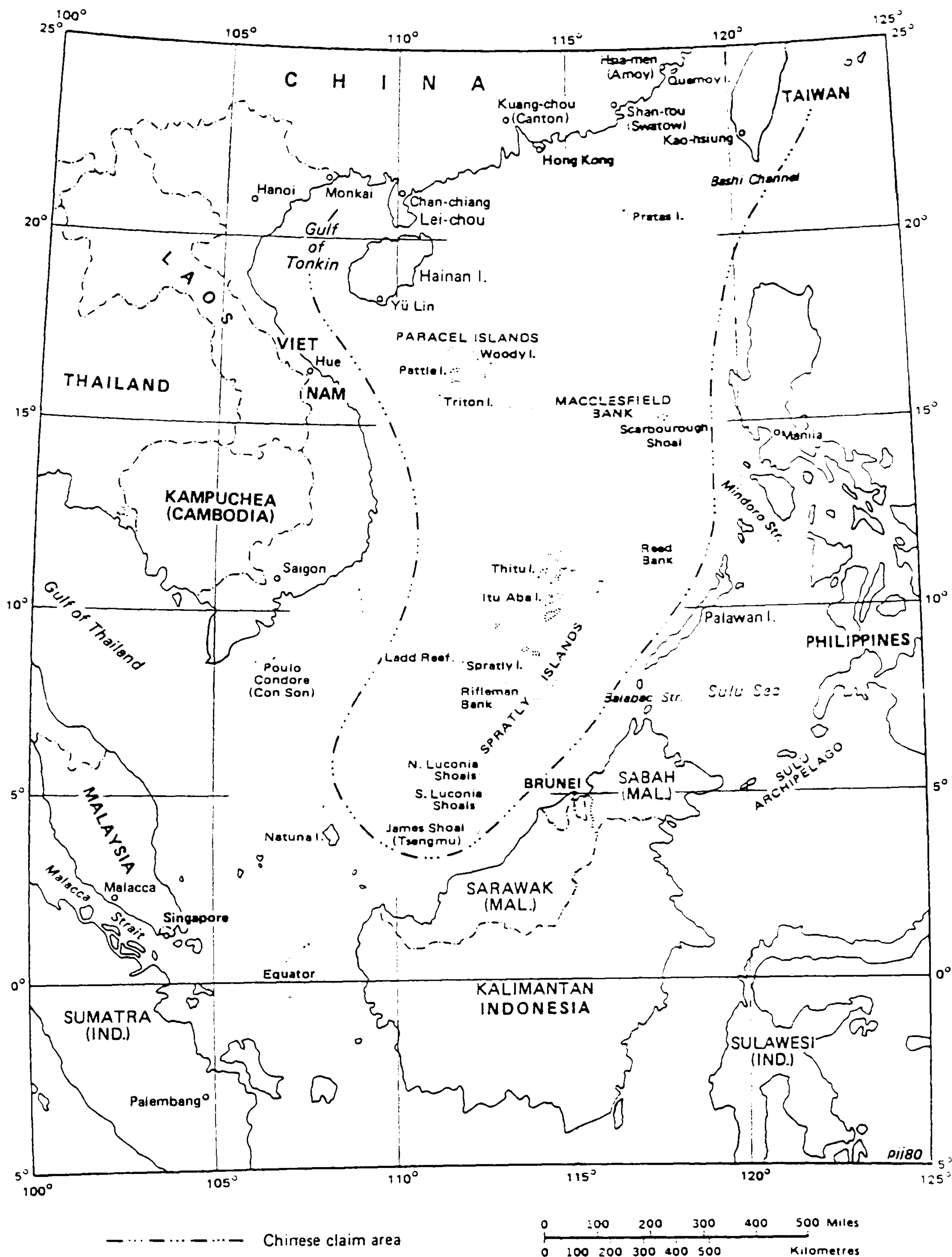
Chapter 4 Domestic Factors Affecting China's Behaviour	155
Introduction	155
1. The CCP regime and war	155
1) Is the CCP regime democratic?	155
2) The CCP regime and China's use of force in international conflicts	157
2. China's decision-making system	161
1) The decision-making system under Mao, Deng and Jiang	162
2) Chinese leaders' personalities and China's international behaviour	166
3) Which category of factors, domestic or international, has been more influential on China's international behaviour?	167
3. A cultural aspect: China's <i>Realpolitik</i> word-view	169
Conclusion	180
 Chapter 5 China's Attitude Towards the South China Sea Disputes	 182
Introduction	182
1. Background	183
1) Geography	183
2) Significance of the South China Sea	185
2. Brief history	190
3. China's motivations in the South China Sea	209
1) The essential meaning of the South China Sea for China	212
2) Motivation 1 : Geopolitics	213
3) Motivation 2 : The oil factor	219
4) Motivation 3: The PLA's capability	224
4. Prospects for China's future behaviour in the South China Sea	234
 Chapter 6 A Return to International Relations Theory	 237
 Conclusion	 249
 Bibliography	 258

Acknowledgements

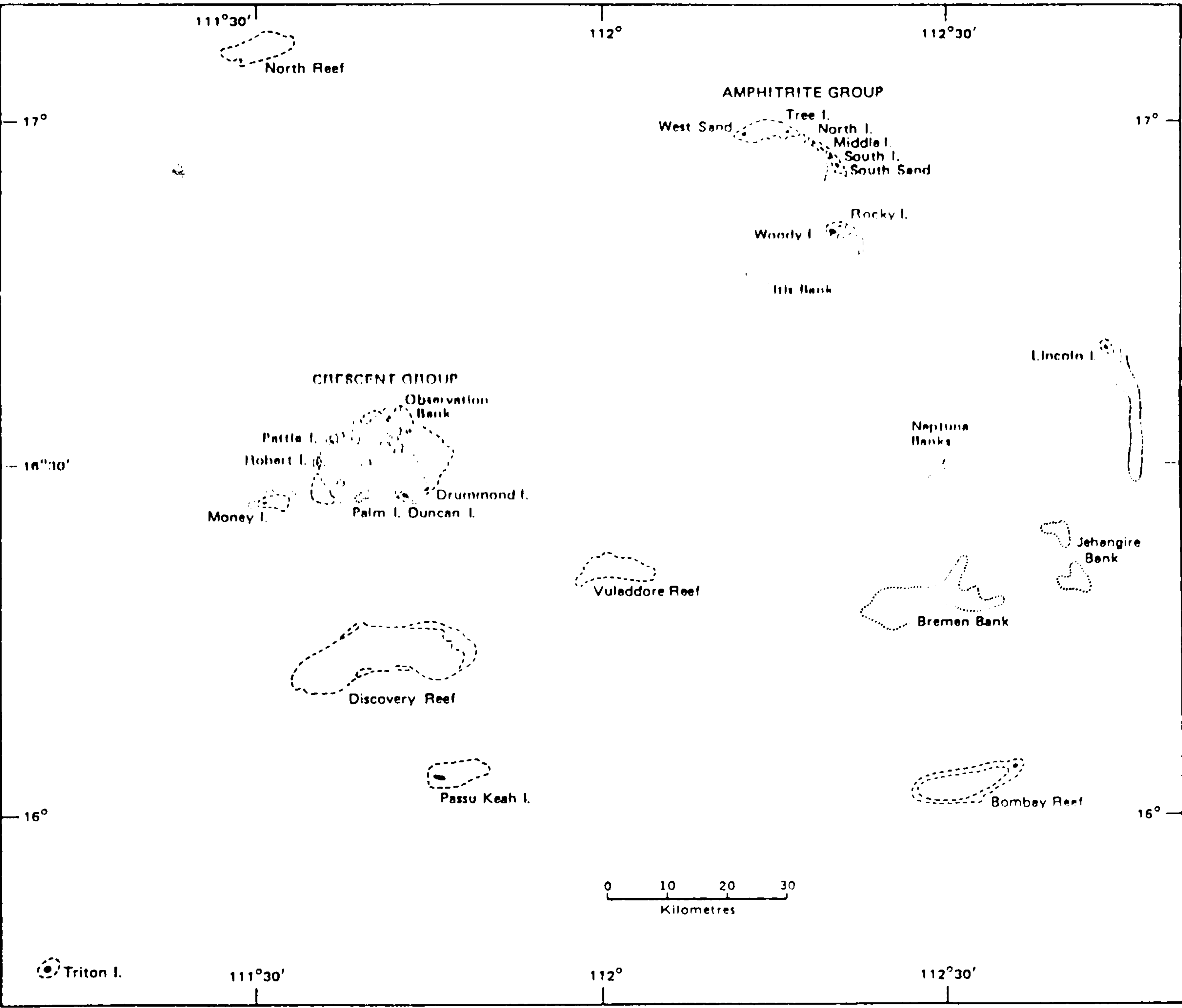
This research owes much to many people around me. The first person I should be grateful to is my supervisor, Dr. Tim Huxley. He helped me in every way that a student can expect of a supervisor. He offered me invaluable advice and comments which gave me opportunities to think and research further on particular issues. What is more, he checked what I had submitted in a very short period, despite his tight schedule. Since many PhD students are forced to wait for a long time to get their writing back, Dr. Huxley's quick supervision paved the way for me to complete this dissertation earlier than most of my friends who started their research at the same time as me.

I am also grateful for Naz Wasim, Peter Lee, Isoko Sunakawa and Tiehlin Yen. Naz helped me with constructing a grand vision of this research at the beginning of my PhD student life. Peter, Isoko, Tiehlin and I formed a study group and met once a week. Not only did we exchange information and materials, but also we discussed then hot events, and East Asian security as well. These meetings stimulated me to research my topic from a broader range of perspectives than would otherwise have been possible. In addition, talking with friends with common interests and concerns was particularly helpful, because one of the biggest problems for many PhD students is becoming isolated. In this regard, I must thank A.Z. Hilali as well, for his friendliness, help and advice, not only in relation to my research but on other things also, when I was in trouble.

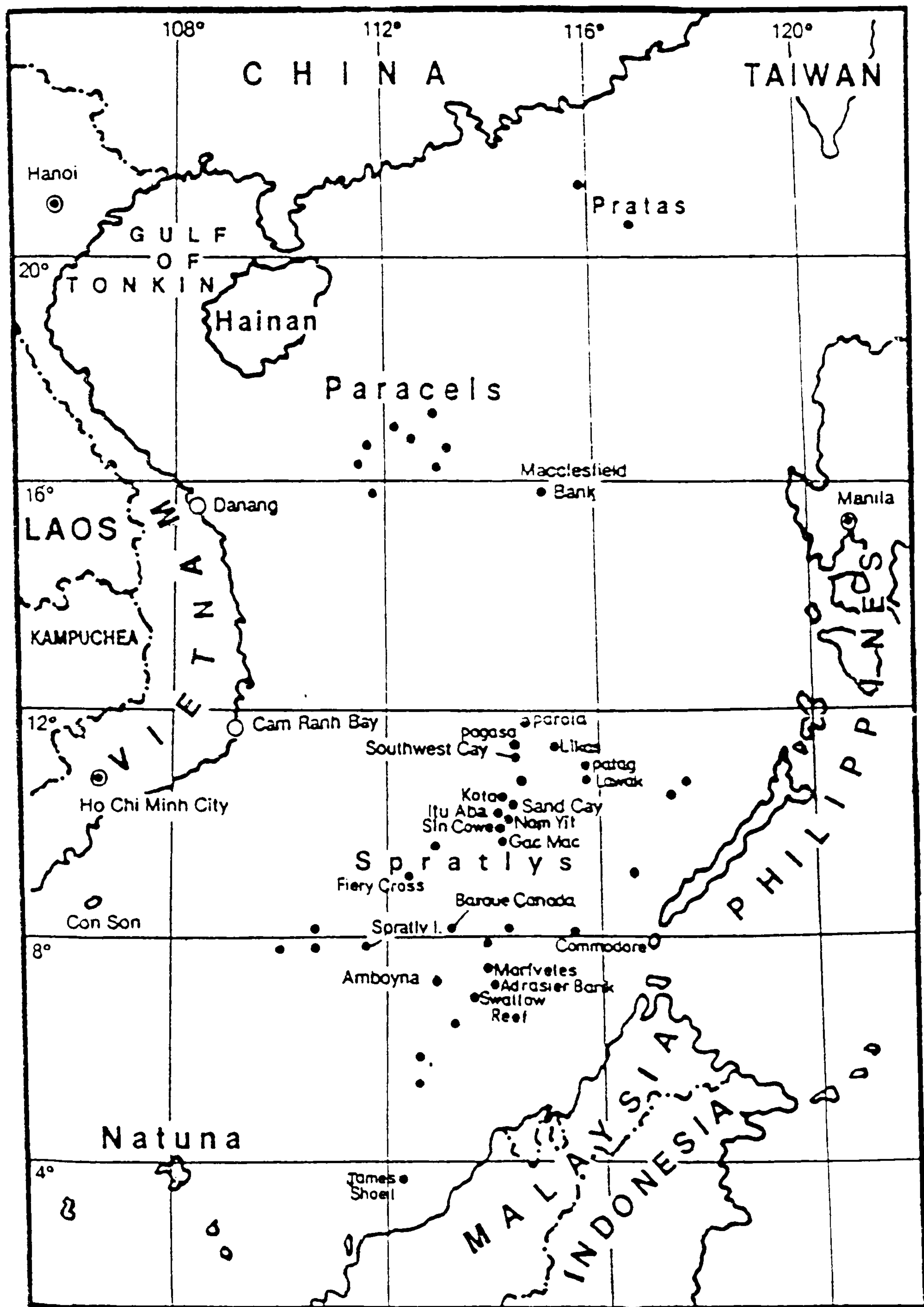
Finally, I would like to thank my landlord, Mr. Ian Macrill, my family in Japan and all my friends who have always encouraged and supported me in various ways, which enabled me to concentrate on and complete this dissertation.



Map 1 The South China Sea
 (Source: Marwyn S. Samuels, *Contest for the South China Sea*,
 Figure 3 Islands of the South China Sea)



Map 2 The Paracels
(Source: Marwyn S. Samuels, *Contest for the South China Sea*,
Figure 4 The Paracel Islands)



Map 3 The Spratlys

(Source: Chang Pao-Min, "A New Scramble for the South China Sea Islands".
Contemporary Southeast Asia 12(1), 1990, p.21, Figure The South China Sea Islands)

Tables

Table 2-1 Major trading partners’ share of total trade with the PRC
(exports and imports combined) (%) ----- 80

Table 2-2 China’s exports and FDI ----- 85

Table 2-3 China’s international borrowing and credit rating ----- 86

Glossary

ADB : Asian Development Bank

AMM : ASEAN Ministerial Meeting

APEC : Asia-Pacific Economic Cooperation

ARF : ASEAN Regional Forum

ASEAN : Association of Southeast Asian Nations

ASEM : Asia-Europe Meeting

AWACS : airborne warning and control system

C³I : command, control, communication and intelligence

CCP : Chinese Communist Party

CMC : Central Military Committee

COCOM : Coordinating Committee for the Control of Strategic Trade with Communist Countries

ECM : electronic countermeasures

EEZ : exclusive economic zone

ESM : electronic support measures

EU : European Union

EVSL : early voluntary sector liberalisation

FDI : foreign direct investment

GATT : General Agreement on Tariffs and Trade

GDP : Gross Domestic Product

GNP : Gross National Product

IAEA : International Atomic Energy Agency

IBRD : International Bank for Reconstruction and Development

IDA : International Development Association

IMF : International Monetary Fund

IR : International Relations

ITLOS : International Tribunal on the Law of the Sea

KMT : Kuomintang

MFA : Ministry of Foreign Affairs

MFN : most favoured nation

MTCR : Missile Technology Control Regime

NATO : North Atlantic Treaty Organisation

NIEO : New International Economic Order

NPC : National People's Congress

NPT : Non-proliferation Treaty

NWFZ : Nuclear Weapons Free Zone
ODA : official development assistance
OECD : Organisation for Economic Cooperation and Development
OPEC : Organisation for Petroleum Exporting Countries
PLA : People's Liberation Army
PLAAF : PLA Air Force
PLAN : PLA Navy
PLANAF : PLAN Air Force
PNTR : permanent normal trading relations
PRC : People's Republic of China
RMA : revolution in military affairs
ROC : Republic of China
RRU : rapid reaction unit
RVN : Republic of Vietnam
SALT : Strategic Arms Limitation Talks
SEATO : Southeast Asian Treaty Organisation
SLOC : sea lanes of communication
SOEs : State-Owned Enterprises
SOM : Senior Officials Meeting
START : Strategic Arms Reduction Talks
TMD : Theatre Missile Defence
UN : United Nations
UNCLOS : United Nations Convention on the Law of the Sea
UNESCO : United Nations Educational, Scientific and Cultural Organisation
VFA : Visiting Force Agreement
WMD : weapons of mass destruction
WTO : World Trade Organisation

Introduction

1. Purpose and methodology

This research assesses China's likely future behaviour in relation to the South China Sea disputes, critically evaluating two prominent, related topics of discussion among the International Relations scholars since the late 1980s. One of these topics is theoretical: to what extent is the flourishing 'liberal peace' argument in International Relations theory valid when applied to China's international behaviour, and towards the South China Sea disputes in particular? The advocates of the 'liberal peace' argument have spent much energy attempting to prove the positive correlation between peace and such factors as democracy and economic interdependence, using statistical models. In addition, one faction of the liberal school emphasises the effectiveness of institutions which supposedly impose constraints on a state through international rules and agreements. However, liberals' arguments fail to engage with some critical points. First of all, whether a state goes to war is not a matter of probability but a political decision. Secondly, the costs of sacrificing economic ties and violating internationally-agreed obligations surely affect a decision to go to war. However, if a state perceives that its vital national interests are at risk, such costs will have little influence on decision-making. In addition, liberals' argument ignores the importance of the political framework in which economic interdependence functions. Furthermore, liberals do not pay attention to the facts that institutions are usually established by the initiative of a hegemon and its supporters, and that the rules and norms of institutions generally reflect the distribution of power among their members. This dissertation illustrates the way in which realist thinking (involving consideration of survival, balance of power and relative gain) still forms the foundation for states' behaviour.

The other topic relevant in this dissertation is empirical and concerns which of the conflicting opinions about China's future geopolitical orientation is more accurate: that China will become an assertive regional hegemon as her economy develops and her military is modernised, or that she will not obtain even regional hegemonic status for some decades to come due to her lack of economic and military power. The first view generally draws the conclusion that China should somehow be contained, while the second view concludes that other states need to engage China so that the latter can be tied into the international community. A major problem with arguments of this type is that China's likely behaviour tends to be predicted on the basis of research on specific issues. In particular, military factors, such as China's increasing defence budget, its vigorous purchase of advanced weapons particularly from Russia, and the PLA's weight in the government's decision-making, have been overemphasised. Although stronger military capabilities may provide a government with wider foreign policy options, states – including China – usually do not use force just because their military capabilities become stronger. Understanding the nature of states and the factors that drive states' behaviour is necessary in order to avoid extreme conclusions. This dissertation tries to integrate the existing empirical studies and theoretical assumptions in International Relations theory.

The reason for focusing on the South China Sea is that this case is important in the sense that the disputes there are not just territorial conflicts involving China and other claimants. The South China Sea disputes involve many factors such as fisheries, energy, and extra-regional powers' strategic and economic interests, besides the overlapping territorial sovereign claims. In addition, economic interdependence between China and regional states has deepened since the 1990s, and the region has international institutions such as APEC and the ARF where economic and security issues, respectively, are

discussed. The last two factors make this case particularly suitable for the application of IR theory. This dissertation will demonstrate that geopolitical considerations are dominant not only in China's decision-making but also in the ASEAN states' attitudes towards China and the disputes themselves.

Since this research is based on the beliefs that political problems can only be resolved politically and that whether or not a state will resort to war in order to solve an international conflict is not a matter of probability based on the correlation among variables such as democracy, trade relations, and alliance, statistical models are not used. Rather, this research depends on documentary evidence.

This research will contribute to the study of international relations in two ways. The first contribution is to demonstrate the validity of realist thinking. Since most realists pay attention to the security sphere and tend to ignore such factors as economic interdependence and international institutions, on which liberals focus, illustrating how China has been skilful in using economic interdependent relations and international institutions as a power resource to achieve its political and economic objectives will compensate for realists' weak points. The second contribution is related to the case study: the South China Sea disputes. There seems to be a consensus among 'China watchers' about China's future behaviour in the South China Sea that Beijing will expand in the Spratlys in a way described as 'creeping assertiveness'. However, they have not provided any theoretically-informed assessment of whether this behaviour is in accordance with the realism on which China's foreign policy is based. By applying power analysis, which is examined in Chapter 1 of this dissertation, China's foreign policy practice and International Relations theory will be bridged.

2. The scope of the research

To provide a theoretical framework, realist and liberal perspectives in International Relations theory have been selected. Although Marxism might seem to be important, especially in studying China, the principles which have governed Beijing's foreign policy have been realist considerations such as national interest, sovereignty (more specifically the so-called the nineteenth century notion of absolute sovereignty) and balance of power. The practice of Marxism has been largely restricted to the implementation of domestic policies and there seems to be little evidence that it has influenced China's international behaviour, with the exception of her support for communist insurgent movements in other states between the late 1940s and the early 1970s. In addition, Marxism as an ideology to unite the Chinese state has been in decline since the introduction of Deng's Open Door policy in 1979, and it now serves as little more than rhetoric, especially after the demise of the communist regimes in East Europe and the Soviet Union. Moreover, China's economy has developed by adjusting itself to capitalist rules and practices, leading the Beijing government to create the controversial notion of 'socialist capitalism'. Thus, Marxism is, in practical terms, irrelevant.

Since the 1980s, what Robert O. Keohane labelled 'reflective' approaches¹ (such as postmodernism, critical theory and constructivism) emerged. Although each approach is different from others (and traditional International Relations theory) on how international relations should be understood, what is common to reflective approaches is to criticise and/or question one or more of core assumptions of traditional International Relations theory from epistemological and ontological grounds. However, the major purpose of this dissertation (that is, to counter-argue against the 'liberal peace' argument from a realist point of view and demonstrate that realism has stronger explanatory power

in understanding China's foreign relations, based on empirical observations) best fits in a rationalist and positivist framework. Thus, reflectivists' favourite agendas such as deconstruction of a "dichotomy of sovereignty versus anarchy" and double reading of text (postmodernism),² relationship between power and knowledge and between power and value (postmodernism and critical theory),³ intersubjectivity of international system (constructivism)⁴ are beyond my scope.⁵ However, sections about formation of human

¹ Robert O. Keohane, "Theory of World Politics: Structural Realism and Beyond", in Robert O. Keohane (ed.), *International Institutions and State Power: Essays in International Relations Theory* (Boulder: Westview Press, 1989), p.161.

² See, for example, Richard K. Ashley, "Untying the Sovereign State: A Double Reading of the Anarchy Problematique", *Millennium* 17(2), 1988, pp.227-262. Quotation was drawn at p.230. (Emphasis in original.)

³ See, for example, *ibid.*; and Robert W. Cox, "Social Forces, States and World Orders: Beyond International Relations Theory", in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Columbia University Press, 1986), pp.204-254.

⁴ See, for example, Alexander E. Wendt, "The Agent-Structure Problem in International Relations Theory", *International Organization* 41(3), 1987, pp.335-370.

⁵ For literature written by reflectivists and that about reflectivists and recent trend in International Relations theory, see, for example, Richard Ashley, "The Poverty of Neorealism" in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Columbia University Press, 1986); Jans Bartelson, *A Genealogy of Sovereignty* (Cambridge: Cambridge University Press, 1995); Ken Booth, "Dare not to Know: International Relations Theory versus the Future", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.328-350; Chris Brown, *International Relations Theory: New Normative Approach*, (Henel Hempstead, Harvester Wheatsheaf, 1992); Chris Brown, "International Political Theory and the Idea of World Community", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.90-109; Richard Devetak, "Critical Theory", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.145-178; Richard Devetak, "Postmodernism", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), p.179-209; Andrew Linklater, *Beyond Realism and Marxism* (London : Macmillan, 1990); Andrew Linklater, "Rationalism", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.93-118; Steve Smith, "The Self-Images of a Discipline: A Genealogy of International Relations Theory", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.1-37; Steve Smith, Ken Booth and Marysia Zalewski (eds.), *International Relations Theory: Positivism and Beyond* (Cambridge: Cambridge University Press, 1996); Steve Smith, "New Approaches to International Theory", in John Baylis and Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford University Press, 1997), pp.165-190; Jacqui True, "Feminism", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.210-251; Claire Turenne Sjolander and Wayne S. Cox (eds.), *Beyond Positivism: Critical Reflections on International Relations* (Boulder and London: Lynne Rienner Publishers, 1994); John A. Vasques, "The Post-Positivist Debate: Reconstructing Scientific Enquiry and International Relations Theory After Enlightenment's Fall", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.217-240; R.J.B Walker, "History and Structure in the Theory of International Relations", *Millennium* 18(2), 1989, pp.163-183; R.J.B Walker, *Inside/Outside: International Relations as Political Theory* (Cambridge: Cambridge University Press, 1993); Ole Wæver, "Figures of International Thought: Introducing Persons Instead of Paradigms", in Iver B. Neumann and Ole Wæver (eds.), *The Future of International*

motivation and that of strategic culture in this dissertation (chapter 3) may offer a response to leading constructivist Wendt's argument that states' identities and interests are shaped through interaction among them.

This research focuses on identifying the most influential factor on China's attitude towards the South China Sea disputes. Thus, such issues as what makes states peaceful, what kind of great power China will become when her economic and military have been strengthened, how the West should treat Beijing, and the significance of Asia-Pacific regionalism, are beyond the scope of this study.

3. Research design

Chapter 1 identifies the international factors that affect states' behaviour by examining realism and liberalism (both commercial liberalism and liberal institutionalism). This chapter shows that realist elements such as survival and geopolitical considerations are more influential factors than economic interdependence and institutions.

In Chapter 2, three elements (balance of power, economic interdependence and institutions) examined in Chapter 1 are assessed in relation to China's international behaviour. While it is argued that China's foreign policy is based more on the balance of power considerations than on the binding effects of economic interdependence and international institutions, it is also illustrated that China is skilful in maximising its gains and minimising its costs and obligations, through conducting power politics vis-à-vis its

Relations: Masters in the Making? (London and New York: Routledge, 1997), pp.1-37; Alexander Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics", *International Organization* 46(2), 1992, pp.391-425; Alexander Wendt, "Collective Identity Formation and the International State", *American Political Science Review* 88(2), 1994, pp.384-396; Alexander Wendt, "Constructing International Politics", *International Security* 20(1), 1995, pp.71-81; Alexander Wendt, *Social Theory of International Politics* (Cambridge, Cambridge Press, 1999); and Marysia Zalewski and Cynthia Enloe, "Questions about Identity in International Relations", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.279-305.

weaker neighbours and using economic interdependent relations and institutions in its favour.

Although Chapter 1 shows that the balance of power element appears to be the most influential compared to economic interdependence and institutions, these are all international factors in the sense that they are beyond one state's control. However, states' foreign policy-making is also influenced by various domestic factors. This is the point where what is called the 'level of analysis' problem in IR theory arises: put simply in relation to this research, which factors, either international or domestic, are more influential? Chapter 3 focuses on this issue, by investigating domestic factors such as regime type (democratic peace), decision-making system and culture. While recognising the importance of domestic factors, it will be argued that international factors are more influential on states' behaviour: they provide a state with a menu of available options. Which option the state actually selects depends on the state's domestic factors.

This argument is applied to China in Chapter 4. It will show that in the most bellicose era under Mao, who is believed to have made personally almost all important foreign policy decisions, these decisions were dominated by security concerns and geopolitical considerations. As China's security environment has evolved, the nature of the CCP regime, its decision-making mechanism, China's national goals, and its strategic thinking have changed accordingly. Thus, the conclusion in Chapter 3 – that international factors determine the range of action a state can take – fits China well.

Chapter 5 focuses on the South China Sea disputes. It not only introduces a brief history of the disputes, but also considers the value of the South China Sea for China in terms of economic and strategic interests. China's past behaviour in the South China Sea has been based primarily on geopolitical considerations. However, the PLA's capability is also important: when the Spratlys were beyond its armed forces' reach until the late

1980s, China could do little more than protest verbally against other claimants' 'infringement' of Chinese sovereignty. As the PLA Navy has increased its capability since the late 1980s, China strengthened its claim by establishing a military presence in the Spratlys. Thus, the governing principles for China's attitude towards the South China Sea disputes can be said to be a combination of the balance of power consideration with the extent of the PLA's capabilities. China's future behaviour is likely to be characterised by 'creeping assertiveness', which refers to seizing features in the Spratlys in a low-profile manner so as not to induce a united diplomatic front on ASEAN's part or US intervention in response to Chinese behaviour in the Spratlys.

However, 'creeping assertiveness' appears too self-restrained for an increasingly assertive and *realpolitik*-oriented China. Chapter 6 tries to integrate empirical observations and theoretical assumptions, by applying the power analysis that was examined in Chapter 1. It is argued that power balance between China and the ASEAN states is favourable to China. Creeping assertiveness also enables Beijing to pursue two contradictory policies in Southeast Asia: regaining 'lost territories' and maintaining good relations with regional states. It does not induce the United States' political and military intervention in response to Beijing's behaviour in the South China Sea. If China becomes an assertive regional hegemon in the future, it will not be just because the PLA's capabilities have been strengthened, but more because Beijing was successful in establishing a situation in which it can act relatively freely, taking advantage of the ASEAN governments' disarray and manipulating economic interdependence and international institutions to its advantage. This conclusion is in accordance with realist assumptions.

Chapter 1

International Factors Affecting States' Behaviour

Introduction

How to prevent wars and how to maintain peace have been traditional concerns in International Relations theory. Different views have provided the basis for different schools of thought. From the time of Thucydides and Machiavelli, the view that relative power vis-à-vis potential or actual adversaries determines the fate of the state (survival or annihilation) has traditionally been dominant. This realist¹ view was altered by liberalism² by the time World War One was over in 1919. Liberals argue that the cause of that war was attributed to the failure of the balance of power system; thus, the failure of politics based on realist views. Then US President Woodrow Wilson claimed that peace

¹ As discussed below, realism puts importance on such elements as statism, survival and power. However, there are some outstanding differences between traditional realism and neorealism, which was established by Kenneth N. Waltz's *Theory of International Politics* (1979). While traditional realism views states' struggle for power as deriving from human nature, and regards power as an end in itself, neorealism argues that an anarchical international system, not human nature, is the cause of states' struggle for power, and defines power as a means to achieve states' goals. Since then, neorealism has been dominant in realist thinking. Neorealism is sometimes called structural realism. For arguments that attempt to establish 'real' structural realism by developing Waltz's *Theory of International Politics*, see Barry Buzan, Charles Jones and Richard Little, *The Logic of Anarchy: Neorealism to Structural Realism* (New York: Columbia University Press, 1993). For another classification and concise explanations, see Timothy Dunn, "Realism" in John Baylis and Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford University Press, 1997), pp.112-114. For classical literature by realists, see Edward Hallett Carr, *The Twenty Years' Crisis 1919-1939: An Introduction to the Study of International Relations* (London: Macmillan, 1939); Hans J. Morgenthau, *Politics Among Nations: The Struggle for Peace and Power* (New York: Knopf, 1978); and Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979). Although realism refers to neorealism in this dissertation, the term 'realism' rather than 'neo-realism' is used, in order to contrast it with liberalism.

² Liberalism contains a number of strands, and categorisation of liberalism varies from author to author. For example, Zacher and Matthew identify five strands: 1) republican liberalism; 2) interdependence liberalism; 3) cognitive liberalism; 4) sociological liberalism; and 5) institutional liberalism. Doyle's famous article "Liberalism and World Politics" is based on economic pacifism, republican imperialism and international confederation. And Keohane categorised 1) commercial liberalism; 2) democratic liberalism and 3) regulatory liberalism. See Mark W. Zacher and Richard A. Matthew, "Liberal International Theory: Common Threads, Divergent Strands", in Charles W. Kegley, Jr. (ed.), *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (New York: St. Martin's Press, 1995), pp.120-137; Michael W. Doyle, "Liberalism and World Politics", *American Political Science Review* 80(4), 1986, pp.1151-1169 and "Liberalism and World Politics Revisited", in Charles W. Kegley, Jr. (ed.), *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (New York: St. Martin's Press, 1995), pp.83-106; and Robert O. Keohane, "Economic Limits of Modern Politics: International Liberalism Reconsidered", unpublished paper,

would be established using international organisations, a collective security system and enlarged economic relations.

However, this liberal thinking was overturned by World War Two, and realist thinking regained the status of the mainstream in International Relations theory until the end of the Cold War (1989). During the Cold War, rivalry between the United States and the Soviet Union created two militarily and economically independent blocs. Economic activities were conducted mostly within each bloc. In the West, each ally of the United States enjoyed economic development in the framework of the Bretton Woods system, which consists of the International Bank for Reconstruction and Development (IBRD: better known as the World Bank), the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), and economic interdependence among US allies deepened. Focusing on this deepening economic interdependence, liberals began to assert in the 1970s that state sovereignty had been eroded, and that economic factors had become more important as national security than military threat. The first 'oil shock' of 1973 highlighted the so-called North-South problem, in which less developed Third World countries attempted to gain economic leverage against developed, industrial countries; this was manifest in the declaration of the New International Economic Order (NIEO) in 1974. The oil factor was an additional factor contributing to a feeling among developed countries in general that the importance of economics surpassed security concerns.

By the time of the final phase of the Cold War, in the late 1980s, writing by liberals in the International Relations (IR) discipline was pronouncing the triumph of the 'Liberal

1986, cited in Joseph S. Nye, Jr., "Neorealism and Neoliberalism", *World Politics* 40(2), 1988. pp.245-246.

Peace'.³ Research examining the correlation between democracy and peace, and between trade and peace, using statistical analysis has flourished, concluding that there is positive correlation. In particular, the notion that 'democracies do not fight each other' has become widespread.

The liberals are right to some extent. However, 'war-free' does not necessarily mean 'dispute-free'. The reduction of military threat from the Soviet bloc resulting from the end of the Cold War enabled the US and its allies to focus more on the problems which affect their citizens' well-being. As a consequence, disputes among them over such issues as trade imbalance, the level of exchange rate, openness of market, and de-regulation of agricultural products became more visible.

In addition, looking at the Third World provides us with a picture of the world which is different from developed countries'. The 1990s witnessed the Gulf War and a number of bloody ethnic conflicts including Bosnia and Kosovo. Military forces were used in these cases in order to resolve the problem, or at least to stop violations against international laws and human rights. In the last two cases, United Nations (UN) forces and North Atlantic Treaty Organisation (NATO) forces were deployed, respectively, under the name of 'humanitarian intervention'. Thus, the world after the Cold War has not been as peaceful as liberals had expected in the late 1980s, and realism seems to be still valid in many confrontational situations – political, economic, and military – where the pursuit of national interests still dominates.

One more factor that should be mentioned is that a faction of the liberal school started arguing in the late 1970s that international institutions and international regimes are effective in managing states' behaviour through binding them with rules and

³ Typical examples of this literature are Doyle, "Liberalism and World Politics"; and Francis Fukuyama, *The End of History and the Last Man* (London: Penguin Books, 1992).

regulations. Since a state participates in many institutions and regimes, its successful cheating in one issue area would meet other states' sanctions and or retaliation in different issue areas. Thus, international institutions and regimes deter such a state from violating the rules and make it behave cooperatively (or peacefully).

Although scholars writing on International Relations theory have tended to focus on what makes a state peaceful (or cooperative), this chapter will attempt to identify the most influential international factor on states' behaviour, be it peaceful or aggressive (cooperative or selfish). In order to do so, the next section reviews the basic assumptions of realism and liberalism. In terms of liberalism, commercial liberalism and liberal institutionalism will be examined. This is followed by a section which focuses on power, economic interdependence and the institutions which represent the core element of each school of thought already examined. Economic interdependence and institutions are relevant as a basis of discussion in the later chapters, because China and most Association of Southeast Asian Nations (ASEAN) states deepened their economic relations during the 1990s, at least until the Asian financial crisis in 1997/98. In addition, Asia-Pacific Economic Cooperation (APEC) and the ASEAN Regional Forum (ARF) play important roles in providing regional states, and extra-regional great powers as well, with opportunities to discuss economic and security issues, respectively. Discussion of democracy (type of regime), a domestic rather than an international factor, will be deferred until Chapter 3.

1. Basic assumptions of realism, commercial liberalism and liberal institutionalism concerning influences on states' behaviour

1) Realism

Realism's claims are as follows. The international political system is sharply distinguished from national politics which is the realm of authority, of administration, and

of law.⁴ Since it is comprised of sovereign states, in Waltz's words functionally 'like units',⁵ there is no higher authority than the state. The situation is one of anarchy. This means that because no one regulates or orders states, unless international organisations are allowed to do so, no one prevents other states from being aggressive to each other. In this sense, anarchy also implies disorder and chaos.⁶ Thus, states must depend on self-help with whatever means they have for their survival.

In the self-help system, states have to compete with other states, pursuing power both militarily and economically not only to protect themselves but also to gain an advantage over other states,⁷ thereby deterring others from attacking them.⁸ In order to achieve survival, states always consider the issue of relative gain ('who will get more?'). In pursuing greater gain, states' behaviour is regarded as rational. Rationality means that states "have consistent, ordered preferences, and that they calculate the costs and benefits of all alternative policies in order to maximise their utility in light both of those preferences and of their perceptions of the nature of reality".⁹ Concerns over relative gains make it difficult for states to cooperate, because conflicts of national interest are inevitable.

Although states have to depend mainly on their own capabilities, these 'capabilities' vary from state to state, in terms of size of territory and population, wealth and military strength. In other words, states are differently positioned in the international system in terms of power. If a state is considerably weaker than its potential enemies,

⁴ Waltz, *Theory of International Politics*, p.113. See also R.J.B. Walker, "Security, Sovereignty, and the Challenge of World Politics", *Alternatives* 15(1), 1990, p.15.

⁵ Waltz, *Theory of International Politics*, p.95.

⁶ Ibid., p.114.

⁷ Ibid., p.105.

⁸ John Garnett, "Introduction", in John Garnett (ed.), *Theories of Peace and Security: A Reader in Contemporary Strategic Thought* (London: Macmillan St. Martin's press, 1970), p.25.

that state's possible destinies are either being beaten and absorbed by the enemies in a war, or forming an alliance with a stronger third country or countries to deter adversaries from attacking it. The latter option, the balance of power, has been exercised historically, because "the best safeguard against international conflict was the prevention of one state emerging with predominant power",¹⁰ and because an imbalance of power may tempt an ambitious state to risk an adventure.¹¹

This realist view has met with criticism from liberals. First of all, they allege that realism neglects the impact of economic factors in international politics. Realists reply that they have never neglected the interaction between economic issues and security. But they argue that as COCOM (Coordinating Committee for the Control of Strategic Trade with Communist Countries) during the Cold War demonstrates, patterns of economic relations are largely determined by political/military relations. In this sense, 'high politics' (security-related issues) still rank higher than 'low politics' (economic-related issues).

Second, liberals criticise the realist logic that states tend to form alliances in order to establish a balance of power as lacking theoretical consistency. They argue that anarchy (absence of higher authority) does not mean that states should form alliances, use force or resist cooperation with each other.¹² However, from the realist point of view, there is no logical inconsistency because states need to use whatever means they have in order to survive. These include balancing, use of force, diplomatic manoeuvring and even cooperation. For example, the formation of two blocs (the West and the East) on the Eurasian continent just after World War Two was a balancing act between the

⁹ Robert O. Keohane, "Realism, Neorealism and the Study of World Politics", in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), p.11.

¹⁰ Scott Burchill, "Realism and Neo-realism", in Scott Burchill and Andrew Linklater, *Theories of International Relations* (Hampshire: Macmillan Press, 1996), p.71.

¹¹ Waltz, *Theory of International Politics*, p.132.

¹² Robert Powell, "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate", *International Organization* 48(2), 1994, pp.330-333.

United States and the Soviet Union. On the other hand, the two superpowers also cooperated in the arms control area, as in the creation of the Non-Proliferation Treaty (NPT) regime, Strategic Arms Limitation Talks (SALT) I and II, and Strategic Arms Reduction Talks (START). From the 1980s, reduction of conventional weapons in Europe based on agreements by the two sides was also negotiated. Thus, which means a state will use depend on the state's strategic environment and its diplomatic, economic and military capability.

In sum, the realists' view is that sovereign states, the primary actors in international relations, struggle for power in an anarchic world in order to survive. Since states' top priority is survival, they are considered to seek to maximise their national interest rationally, mainly through military power, backed by economic strength. The more power states gain, the more secure they will be. For realists, security is a derivative of power.¹³

2) Commercial liberalism

Economic pacifism in liberal thinking can be traced back to two main origins. The first is the Kantian idea that connects the liberal economic system to the domestic political system (democracy). The basic logic here is that individuals who benefit from trade eventually form a group with political influence against autocracy (which is responsible for waging wars) thus, a state ultimately becomes a democracy. Democratic government respects individuals' rights and property, and will refrain from attempting

¹³ Barry Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, 2nd ed. (New York: Harvester Wheatsheaf, 1991), p.2. Garnett defines national security as "a feeling of confidence that the disasters of war and the vagaries of international political life can be avoided or absorbed, either by ultimate victory or good management, so that the state, its institutions and its way of life can continue to exist in a fundamentally unimpaired fashion". He also points out that "security ... must imply a state of tranquillity, an absence of fear of disturbing elements in relation to state objectives". And Robert McNamara's concept of security is "not only confidence on the part of the state in its ability to maintain its prosperity and way of life, but also the freedom to develop and improve its position in the future". Garnett, "Introduction", p.31.

war (which sacrifices citizens' property). Thus, in commercial liberals' view, trade promotes the spread of democracy and peace.

In addition, trade has some utility from the domestic point of view. First of all, trade contributes to a state's pursuit of four basic goals: namely, accumulation of national income, maintenance of social stability, strengthening of the state's political power, and economic growth.¹⁴ Continuing economic growth implies a positive effect in terms of creating jobs, thus easing the problems of unemployment and low welfare level, which are the major causes of social instability. Moreover, flourishing trade brings a state considerable revenue, which in turn enables it not only to import goods and materials necessary for further economic growth and its citizens' daily life, but also to purchase weapons to strengthen its military capability in absolute terms. Externally, a strong economy serves as power, providing the government with broader international policy options and making it easier to pursue its foreign goals. When economic power works, a state does not have to resort to military power.

The idea that trade leads to peace, applied to the international level, originates with Ricardo's idea of comparative advantage.¹⁵ By exporting goods with comparative advantage, states will enjoy prosperity. As trade ties with other states deepen, the common interest in maintaining economic gain from trade will work as a constraint on states' use of force. Becoming vulnerable economically to other states makes a state less war-prone, because a state needs to avoid the costs caused by the disruption of trade, in an interdependent situation. If every state respects the idea that political and economic disputes can not be resolved by force without undue costs because of interdependence, this will become an established norm, thus constraining states from resorting to force.

¹⁴ Stephen D. Krasner, "State Power and the Structure of International Trade", *World Politics* 28(3), 1976, pp.317-318.

Moreover, under the condition that goods and materials are available through trade, the necessity for conquering territory to achieve greater prosperity will no longer exist. Furthermore, technological development in weapons made the cost of war remarkably high. Thus, war is both too costly and an anachronism in commercial liberals' view.¹⁶

This liberal view was succinctly expressed by the US Secretary of State in the Franklin D. Roosevelt administration (1933-45), Cordell Hull: "[I]f goods can't cross borders, soldiers will".¹⁷ In fact, liberals argue, the decade before World War Two witnessed not only low trade levels but also the prevalence of 'begger-thy-neighbour' policies among the major powers, under which tariffs rose, capital flow was controlled and competition of currency depreciation was conducted.

Based on the assessment that 'begger-thy-neighbour' policies in the 1930s contributed to World War Two, the establishment of international organizations which would take responsibility for reconstruction and promotion of global economy was agreed in 1944 at the Bretton Woods Conference. GATT (since 1995 the World Trade Organisation, or WTO) became responsible for setting the standards of level of tariff, subsidies, quotas, trade agreements and general trade practice. Regarding exchange rates, it was agreed that a fixed exchange rate system is necessary for stable trade and investment in the long-term. The value of each currency was calculated in relation to gold and the US dollar. This system was operated with the US guarantee that 1 ounce of gold would be converted with US\$35, until the early 1970s. Basically, no fluctuation exchange rate above 1 percent was allowed, except by mutual consultation. The IMF

¹⁵ If country *A* can produce 2 units of *X* and 3 units of *Y* in the same time, *A* has comparative advantage in *Y*.

¹⁶ Ralph Norman Angell, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (London: William Heinemann, 1914).

¹⁷ Richard N. Gardner, *Sterling-Dollar Diplomacy: Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956), cited in Bruce E. Moon, *Dilemmas of International Trade* (Boulder: Westview Press, 1996), p.75.

was established in 1945 to facilitate such international consultation, and also to lend money to states with trade deficits. The purpose of the loan is to reduce trade deficits through promoting competitiveness. Thus, the money should be invested in infrastructure and/or key export industries. In order to reconstruct nations after the devastation of war, an enormous amount of capital was necessary. The IBRD (World Bank) was established to supply the capital at low-interest.¹⁸ These three institutions constitute the Bretton Woods system, which – according to liberals – deepened global economic interdependence, thereby effectively preventing another war among industrialised states from breaking out.

These explanations of the relationship between trade and peace have been criticised by realists on several grounds. First of all, the liberal case cannot explain why World War One occurred. The world before World War One was highly interdependent, and Germany was Britain's second largest trading partner.¹⁹ What happened under the name of 'free trade' in the decade before World War Two was actually colonialism and imperialism, in which major powers engaged in frequent military clashes outside their borders in pursuit of their own national interests. In order to achieve national goals, trading policies were manoeuvred to "establish and maintain inequitable economic relationships".²⁰

Second, trading may result only in aiding an adversary. This concern was expressed by Sir Henry Parnell, who was the strongest supporter of the highly protectionist Corn Law of 1815. He pointed out that England's heavy imports of wheat and flour from

¹⁸ Theodore A. Coulombis and James H. Wolfe, *Introduction to International Relations: Power and Justice*, 2nd ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1982), p.328 and p.321; and William Nester, *International Relations: GeoPolitical and GeoEconomic Conflict and Cooperation* (New York: HarperCollins, 1995), p.310.

¹⁹ Kenneth N. Waltz, "The Myth of National Interdependence", in Charles P. Kindleberger (ed), *The International Corporation* (Cambridge, Mass.: The MIT Press, 1970), p.208.

France in 1810 enabled "Napoléon to both quell an insurrection in southern France and collect heavy export duties that were used to strengthen the French war effort".²¹ Anxieties of this kind are widely held today among Japanese and American politicians and bureaucrats, in relation to China. It is feared that China will be better able to develop advanced weapons systems based on imported dual-use high technology, which may then be used against Japan and the US, efficiently exploiting the benefit of trade with and investment from Japan and the US.

Thirdly, contrary to the liberals' claim that vulnerability is generated by a network of interdependent relations, realists argue that states involved in interdependent economic relations will try even harder to reduce such vulnerability. For example, Beijing has made efforts to reduce its dependence on imported oil, particularly from the Middle East, by developing its own oilfields and by diversifying oil suppliers.²²

An even more important point is that liberals tend to ignore the political dimension. First of all, it seems to be natural that, after World War Two, the world was peace-prone, because war as a measure to achieve states' goals was no longer legitimate. In other words, war was seen by states as costly, not only economically but also politically. Second, but more importantly, the Cold War period was one in which deepening economic interdependence could not be separated from the fixed alliance system under the prevailing conditions of superpower rivalry and a 'balance of terror' created by nuclear weapons.²³ Generally speaking, the beneficiaries of economic interdependence were developed industrialised countries, which were all allies of the United States and of

²⁰ Katherine Barbieri, "Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?", *Journal of Peace Research* 33(1), 1996, p.32.

²¹ Moon, *Dilemmas of International Trade*, p.30.

²² For details, see Chapter 5.

²³ Barry Buzan, "Economic Structure and International Security: The Limits of the Liberal Case", *International Organization* 38(4), 1984, p.606.

each other. Flourishing economic activities were enabled by this political structure. Thus, as Gilpin points out, liberals “neglected the political base on which this interdependent world economy rested”.²⁴ Thus, as long as economic interdependence is inseparable from the politico-military system, liberals cannot legitimately single out economic interdependence as the greatest contributor to peace during the period of study.

In short, commercial liberals assert that as interdependence increases, the likelihood of war decreases, because the cost of war, which is heightened by military-technological development, makes war unprofitable, and because trading is a more rational option in an interdependent world.²⁵ On the other hand, realists claim that states, worrying about being vulnerable under the self-help system, would be motivated to control or secure access to necessary materials and goods.²⁶ Although liberals claim that trade makes access to resources easier, this view assumes the prevalence of peace. What realists argue is that this access could not be assured once military conflict with trading partners begins. Realists warn of the worst case scenario. Thus, realists assert that security competition would be accelerated.²⁷

Moreover, economic and political disputes over market share and trade balance are also a characteristic of the international system, and this is why, for example, the United States has put even greater pressure on Tokyo since the 1980s in order to force Japan both to restrict its exports to, and to increase its imports from, the United States. Furthermore, the Clinton administration has demanded tangible results, not just the

²⁴ Robert G. Gilpin, “The Richness of the Tradition of Political Realism”, in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), p.312.

²⁵ Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986), pp.24-25.

²⁶ Waltz, *Theory of International Politics*, p.106.

²⁷ John J. Mearshimer, “Back to the Future: Instability in Europe after the Cold War”, *International Security* 15(1), 1990, p.45; and Robert Gilpin, “Economic Interdependence and National Security in Historical Perspective”, in Kalus Knorr and Frank N. Trager (eds.), *Economic Issues and National Security* (Laurence, Kansas: Allen, 1977), pp.40-41.

Japanese government's promise to make its best efforts. Japan strongly criticises this US approach as one of 'governed trade'. Although the disputes over trade between the United States and Japan can be dated back to the 1960s, when the Soviet-US confrontation was relatively intense, the US government has sometimes tended to place more emphasis on the importance of alliance than on trade balance. This was particularly true during the early 1980s. In this sense, high-politics was placed above low-politics. Economic factors are important, but "they always work in the context of the political struggle among groups and nations".²⁸

3) Liberal institutionalism

Emphasis on the significance for state behaviour of international institutions is also a strand of traditional liberal thinking, which can be dated back to Kant. It was not until 1919 that institutionalism had a chance to assert itself in international politics, where realist thinking had traditionally been dominant. Advocates of liberal institutionalism, including the then US President Willson, argued that the war was a result of failure of the balance of power among the major states, and that it was necessary to create a mechanism which would prevent another Great War from breaking out. The outcome was the collective security system under the League of Nations.

Although institutionalists' ambition was upset by World War Two, the subsequent establishment of new international organisations such as United Nations and the three major organisations of the Bretton Woods system (GATT, IMF, and World Bank) provided them with another ground on which to stand. Thus, the first decade after the war was devoted by academic liberal institutionalists to reviewing to what extent these institutions were effective in resolving problems.

²⁸ Gilpin, "The Richness of the Tradition of Political Realism", p.310.

What the institutionalists found out was that, in reality, power politics was conducted inside these organizations.²⁹ As the gap between ideal and reality widened in the 1970s, international institutionalism was challenged by realists who questioned whether institutions really matter. For example, the United Nations could do nothing significant to stop the US war against North Vietnam; the Bretton Woods system suddenly almost collapsed in 1971 due to the USA's unilateral decision to suspend the conversion between gold and the dollar; and the Organisation for Petroleum Exporting Countries' (OPEC's) successful quadrupling of the price of oil in 1973 brought panic in most industrial countries by threatening to undermine their economies, while no international organization was available to resolve or negotiate the problem.

Facing the realists' challenge led international institutionalists to study regimes. Until then, liberal institutionalism did not have a strong theoretical orientation. At the initial stage of studying regimes, the primary focus was on how regimes are formed, how they are maintained, how they transform, and in what circumstances the distribution of power among the core states in the regime changes.³⁰ After that, the focus shifted to how institutions can contribute to make states cooperative.

Using game theory, particularly the Prisoners' Dilemma Game (see below), liberal institutionalism asserts that states are not always trapped in a situation where each state acts selfishly with the purpose of avoiding the worst outcome, thereby creating the second worst outcome. One of the main reasons why states may sometimes act in a way which leads to the second worst outcome is that they lack clear information regarding

²⁹ Lisa L. Martin and Beth A. Simmons, "Theories and Empirical Studies of International Institutions". *International Organization* 52(4), 1998, p.733.

³⁰ The definition of international regimes is "principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area". See Stephen Krasner, "Structural Causes and Regime Consequences: Regimes as Intervening Variables", in Stephen Krasner (ed), *International Regimes* (Ithaca: Cornell University Press, 1983), p.1. For a comprehensive study of regimes, see his volume.

the other side's behaviour. Thus, if institutions can provide the necessary information and take measures such as monitoring, enforcement and imposing sanctions to ensure that states are unable to deceive each other, institutions can influence states' behaviour in such a direction that the latter are willing to cooperate.

However, as discussed later, realists argue that what is important is relative gain, a distributional problem, rather than securing the bigger absolute gain. States' concern about relative gain make it difficult for them to cooperate.³¹ The counter-argument has been made that such occasions in which cooperation among states is almost impossible are quite rare.³² Nonetheless, liberal institutionalism has been searching for a convincing mechanism to explain why states cooperate in spite of their concerns over relative gain.

2. Factors that influence states' behaviour

The previous section reviewed some major schools of International Relations theory; namely, realism, commercial liberalism, and liberal institutionalism. A wide divergence in views was observed among these schools as to what makes states peaceful or cooperative. The next section focuses on power, economic interdependence and institutions, the core element of each school, and examines how these factors affect states' behaviour.

³¹ Joseph M. Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", *International Organization* 42(3), 1988, pp.485-507; and John J. Mearsheimer, "The False Promise of International Institutions", *International Security* 19(3), 1994/95, pp.5-49.

³² Duncan Snidal, "Relative Gains and the Pattern of International Cooperation", *American Political Science Review* 85, 1991, pp.701-726; and Robert Powell, "Absolute and Relative Gains in International Relations Theory", *American Political Science Review* 85, 1991, pp.1303-1320.

1) Power

(1) Definition of power

Realists claim that states struggle for power in order to survive in an anarchic world, while leading liberal institutionalists Keohane and Nye state that asymmetrical interdependence is a source of power. What, then, is power?

According to Knorr, "Power can be used either to establish influence by means of coercion or, without coercive intent to defend or change the status quo between actors".³³ Robert Dahl argues that power is the ability to heighten the probability of favourable outcomes,³⁴ while Morgenthau argues that power "may comprise anything that establishes and maintains control of man over man".³⁵ In Michael Howard's words, power is "the capacity of individuals or groups to control and organise their environment to conform with their physical requirements or their code of moral values".³⁶ From these definitions, it is clear that the essence of power contains at least two elements, namely, coercion and influence.

Coercion is not a must, as long as a state can influence others. Whether coercive or non-coercive means are more effective will depend on the state's objective ('scope') and who or what is the target of influence ('domain').³⁷ Once a coercive measure is employed, it must be effective. Otherwise, not only may the state that uses threats fail to achieve its object, but also its power relations with the coerced party may be changed. Suppose state *A* demanded that *B* do *X* and threatened to do *Y* if *B* failed to meet *A*'s

³³ Klaus Knorr, *Power and Wealth: The Political Economy of International Power* (London: Macmillan, 1973), p.3.

³⁴ Robert Dahl, "The Concept of Power", *Behavioral Science* 2(3), 1957, pp.201-215.

³⁵ Morgenthau, *Politics Among Nations*, p.9.

³⁶ Michael Howard, "Military Power and International Order", in John Garnett (ed.), *Theories of Peace and Security: A Reader in Contemporary Strategic Thought* (London: Macmillan St. Martin's Press, 1970), pp.41-42.

³⁷ David A. Baldwin, "Power Analysis and World Politics: New Trends versus Old Tendencies", *World Politics* 31(2), 1978, p.163. See also Dahl, "The Concept of Power", p.203.

demand. Whether *A*'s threat is effective vis-à-vis *B* in respect of doing *X*, should be considered from several viewpoints. The first element belongs to *A*: whether *A*'s will is firm enough to influence *B* and to do *Y*, when necessary.

The second element belongs to *B*. As Knorr points out, it includes: 1) *B*'s estimate of the costs of complying with *A*'s threat; 2) *B*'s estimate of the costs of defying *A*'s threat; 3) *B*'s bargaining skill relative to *A*'s; and 4) *B*'s propensity to act rationally and to assume risks.³⁸ Other than these, at least the following conditions must be met if *A*'s coercion is to succeed: (1) there must be a conflict of interests or values between *A* and *B*;³⁹ (2) *B* prefers doing *X* to accepting *Y*; (3) the cost of doing *X* is smaller than that of tolerating *Y*; (4) *B* believes that *A* would do *Y* without fail, if *B* refuses to do *X*; (5) *A* knows that *B* prefers *X* to *Y*; and (6) *B* bows to *A*'s demand. These conditions imply that effective coercion is not achieved only by the efforts by *A*, the coercing side. "Power comes out of this relation, not from the power holder alone".⁴⁰ In this sense, power is relational, and without identifying at least the scope and domain, power analysis could be meaningless. Among those conditions, *B*'s preference order may be one of the most important factors, because if *B* prefers *Y* to *X* even if the cost of tolerating *Y* is much greater than that of doing *X*, *B* may choose to reject *A*'s original demand, rendering *A*'s threat ineffective. Thus, *A*'s knowledge about *B*'s preference order (which *B* prefers. *X* or *Y*) is equally important to *B*'s preference order. China's attempted intimidation of Taiwan during the latter's presidential elections in 1996 and 2000 is an interesting example. During the 1996 election, Beijing conducted missile exercises off Taiwan with

³⁸ Knorr, *Power and Wealth*, p.16.

³⁹ Peter Bachrach and Morton S. Baratz, *Power and Poverty: Theory and Practice* (New York: Oxford University Press, 1970), p.21.

⁴⁰ Stefano Guzzini, "Structural Power: The Limits of Neorealist Power Analysis", *International Organization* 47(3), 1993, p.453. See also Baldwin, "Power Analysis and World Politics", p.171; and Bachrach and Baratz, *Power and Poverty*, p.21. Bachrach and Baratz describe the difference between

the purpose of discouraging the Taiwanese from choosing Lee Teng-hui. However, he was elected. Beijing should have learnt that threatening did not work. Still it tried to influence the outcome of the 2000 election to prevent Chen Shui-bian being elected, in vain. On neither occasion, did the mainland directly attack Taiwan, thereby rendering its threats ineffective. Whether or not coercion is effective depends on whether or not the target is willing to be coerced. China's intimidation case demonstrates the limited utility of coercion.

The third element is the degree of *B*'s vulnerability against *A*'s threat. For example, following Fidel Castro's successful revolution in Cuba in 1959, in October 1960 the United States embargoed all exports to Cuba (except for food and medicine). However, the Soviet Union was available as an ally for Cuba; thus, the US attempt to reverse Cuban socialism by coercion was unsuccessful. By the same token, the Soviet Union was unsuccessful in keeping Yugoslavia in its bloc in 1948, when the latter asserted its independence. Although Yugoslavia was dependent for her trade and aid on the Soviet Union and other communist countries, she could resist Soviet pressure by extending her trading partners to Western countries.⁴¹ These cases show that when the target states are not so vulnerable, as they can find alternative partners, coercive measures are ineffective.

Fourthly, the objective of coercion (scope) sometimes matters. For example, when 'high politics' such as a state's independence or a regime's survival is at issue, the coerced party will often resist economic sanctions (in particular) relatively successfully. Saddam Hussein is still in power nearly ten years after the Gulf War, despite continuous economic sanctions. Fidel Castro has continued to govern Cuba even after the demise of the Soviet Union, despite worsening economic conditions.

power and force as follows: "in a power relationship it is *B* who chooses what to do, while in the force relationship it is *A*". Ibid., p.28.

Finally, the difference between power resources (potential power) and actual power should be considered. Power resources are defined as "the means by which one actor can influence the behavior of other actors". Thus, by definition, those who possess "the most power resources will have the most *potential* power or *ability* to get others to do things they would not otherwise do".⁴² However, potential power is not always turned into actual exercise of power. Using the example above, if *B* does *X*, *A* does not need to exercise actual power (that is, to do *Y*). In this sense, exercise of power is a reflection of an ineffective threat.

The more important factor for the relationship between power resources and actual power may be a 'translation' problem. Keohane and Nye argue that since asymmetrical interdependence "by itself cannot explain bargaining outcomes", the focus should be on "the 'translation' in the political bargaining process".⁴³ For example, *A* had a great power resource, but did not have a strong enough will to convert it to actual power, or lacked the skill for satisfactory conversion. In Baldwin's phrase, "he had the cards but played them poorly".⁴⁴ Thus, power cannot be measured merely by tangible resources of power ('hard' factors) such as military forces and Gross National Product (GNP). Bearing in mind the fact that power relations are a matter of psychology (that is, whether or not influence prevails), intangible resources of power ('soft' factors) such as political will and strong leadership play an important role in measuring power.

Another explanation for why power resources are not necessarily converted into exercise of actual power is that "political power resources are much less fungible than

⁴¹ Klaus Knorr, "International Economic Leverage and its Uses", in Klaus Knorr and Frank N. Trager (eds), *Economic Issues and National Security* (Lawrence, Kansas: Allen, 1977), p.102 and p.103.

⁴² David A. Baldwin, "Interdependence and Power: A Conceptual Analysis", *International Organization* 34(4), 1980, p.500 and p.501 (emphasis in original).

⁴³ Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence*, second edition (London: HarperCollins, 1989) p.18.

⁴⁴ Baldwin, "Power Analysis and World Politics", p.164.

economic power resources".⁴⁵ For example, the fungibility of money is very high. Money not only functions as a medium of exchange but also money has value in itself. With money, a state can build stronger armed forces for itself, and/or establish influence in other states through giving aid or other forms of economic ties. In contrast, *A*'s capacity for nuclear deterrence cannot be converted into getting one of her citizens elected as UN Secretary-General. Nonetheless, elements such as money, time, information and a reputation for making credible threats or promises,⁴⁶ generally rank high among political power resources.

In short, whether *A*'s coercion toward *B* over doing *X* is effective should be considered from various perspectives; *A*'s will, *B*'s value, vulnerability, the alternatives that are available, and the degree of fungibility of political power resources. However, power relations in the real world are not so simple. For example, *A* may be stronger than *B* in area *Z* while weaker in area *P*. In this case *B* can link *Z* and *P* in order to counter *A*'s threat.

When realists say that states 'struggle for power', is power a means or an end? In the sense that power refers to a state's ability to control or modify others' behaviour in order to pursue its own ends, it is a means. However, when power is considered as a currency which can purchase a state's security and survival, it becomes an end in itself.⁴⁷

⁴⁵ Baldwin, "Interdependence and Power", p.502. "The term "fungibility" refers to the idea of movable goods that can be freely placed and replaced by others of the same class". See Guzzini, "Structural Power", p.453, footnote 28.

⁴⁶ Baldwin, "Power Analysis and World Politics", p.166.

⁴⁷ Coulombis and Wolfe, *Introduction to International Relations*, p.79.

(2) Forms of power

Power takes many forms such as economic, diplomatic, ideological and cultural, as well as military. Among them, military and economic power are considered as major forms of power because influence on or coercion of others are more effective with those two power resources than with other resources. These two forms of power are examined next.

i. Military power

Among the various forms of power, military power has traditionally been considered as the most important, because, until the end of World War Two, “war was understood to be legitimate because it offered the only way of resolving conflict and responding to demands for change”.⁴⁸

Military power can be defined as “the capacity to use violence for the protection, enforcement or extension of authority”,⁴⁹ and is the strongest instrument of coercion. Although military strength is a major component of military power, military potential (capacity to expand or improve military strength) and military reputation are also important,⁵⁰ because those elements influence the calculations of the coerced party's decision-making. A “paper tiger” cannot apply coercion. In order to strengthen military power, an economic capacity large enough to support it is indispensable. Even more important may be social cohesion which supports the government's decision to use force, as well as military readiness and operational capability based on the high morale of personnel and on their education and training. Since modern sophisticated weapons systems require technical expertise to operate, education and training are particularly important. While weapons can be purchased, absorption of high technology cannot.

⁴⁸ Walker, “Security, Sovereignty, and the Challenge of World Politics”, pp.21-22.

⁴⁹ Howard, “Military Power and International Order”, p.46.

⁵⁰ Klaus Knorr, *Power and Wealth*, pp.14-15.

Moreover, it takes time. Thus, mere acquisition of modern weapons systems does not constitute military strength.

However, the situation in which military force is used is accompanied by uncertainty, even if a state's (*A*'s) military strength is greater than that of its enemy (*B*). For example, although the United States had preponderant military power vis-à-vis North Vietnam, the former could not win the war. Thus, *B*'s compliance with *A*'s demand without *A*'s use of force is considered more desirable, and successful deterrence is better than victory in war. In this sense, "military power is most useful when it is not being used", and "war may be regarded as a failure of military power".⁵¹

Then, to what extent can military power play a significant role? The traditional way of thinking that military power is a basic need of states has met a number of criticisms. First of all, the world after World War Two reached a consensus that waging war as a means of pursuit of a state's national goal is no longer legitimate. Secondly, it is generally believed that territorial conquest for economic reasons has become obsolete,⁵² because expansion of territory is no longer directly connected with an increase in national wealth. Thirdly, the destructive power of modern weapons has been greatly increased (particularly because of the advent of nuclear weapons). Thus, use of force, which is too costly for all parties involved, should be less frequent. In addition, the usefulness of military power is overestimated, because most states usually resolve conflicts without using force.⁵³ Moreover, there are many restrictions on the use of force. For example, political determination must be firm enough; there must be public support; scope must be considered – use of force is not an appropriate way to resolve economic conflicts such as trade imbalance, or ideological conflicts; and the government must take into account the

⁵¹ Garnett, "Introduction", p.28 and p.29.

⁵² Knorr, *Power and Wealth*, p.116.

⁵³ Baldwin, "Power Analysis and World Politics", p.181.

economics of using force (that is, the impact on its own economy in terms of the cost of war *per se*, the cost of a shift in economic structure, the burden on human resources, and so forth). Lastly, victory is not guaranteed, as America's experience in the Vietnam War showed.

If a state with greater military strength can lose a war, it is still less likely that one with weak military forces can protect itself. A militarily weak state may happen to win, but there is a higher possibility that it will lose. As the case of Kuwait demonstrated, a less prepared state may suffer from the aggression of a militarily ambitious state. Kuwait was lucky because the US-led UN forces intervened for her. If it had not been for such an intervention, Kuwait could have been absorbed by Iraq. It is true that military power is not almighty. However, only military power immediately enables a state to defend herself to resist military aggression by other states. Moreover, military power is expected to deter such aggression. Furthermore, even if states resolve conflicts without resorting to force, the overall power relations between the conflicting parties reflect, to some extent, military power relations. In general, the party backed by stronger military power seems to enjoy a better bargaining position. Although the usefulness of military power is declining, especially in resolving political and economic disputes, the *raison d'être* of military power is to ensure a state's survival by deterring other states from attacking, or at least by resisting such aggression. In this sense military power is the 'last resort' on which states can depend, even if it is often ineffective.

ii. Economic power

The exercise of national economic power refers to the case where "wealth or economic policy is used *deliberately* to modify the behaviour or capabilities of other states".⁵⁴ It consists of economic strength, the will to use it, the skill of applying this

⁵⁴ Knorr, *Power and Wealth*, p.79 (emphasis in original).

strength and other states' anticipation of the exercise of economic power.⁵⁵ Just as military strength is not equivalent to usable military power, economic strength is not the same as usable economic power.

The traditional source of economic strength was gold, because gold can be converted, figuratively, into almost everything from food and raw materials to factories. A state with a considerable amount of gold enjoyed status as a great power. However, economic strength based on accumulating gold had limitations, as was demonstrated by the case of Belgium and France during World War Two; when their gold was captured by the Germans, they lost their primary source of economic strength. Besides, it is generally considered that reserves of natural resources contribute to economic strength. If they are mineral resources, metals, and oil and natural gas, they certainly do.

Particularly since World War Two, the productivity in terms of scale of economic activity of a nation has been considered to represent its economic strength. Productivity is generally judged from the GNP. However, the GNP of a nation with a large population tends to show a high figure, regardless of the stage of its economic development. Thus, income per capita is regarded as a more accurate reflection of productivity in a qualitative sense.⁵⁶ In addition, saving and growth rates are also important. Producing something valuable always requires a considerable investment. If a state cannot attract foreign investment, it must depend on domestic savings. And a high savings rate also demonstrates that the state's political situation is reasonably stable. Where a state is politically unstable, citizens do not trust their currency and attempt to convert their money into other stronger and more stable currencies, such as the US dollar and Deutschmark, and/or gold and jewels, as shown in the case of Russia today. Growth

⁵⁵ Ibid., p.82.

⁵⁶ Charles P. Kindleberger, *Power and Money: The Economics of International Politics and the Politics of International Economics* (London: Macmillan, 1970), p.59.

rate also counts. It is natural to assume that countries with expanding economies are rising economic powers (e.g. China), while those with stagnant or shrinking economies are declining economic powers (e.g. Japan).

Economic strength plays several roles. Domestically, it strengthens the regime's legitimacy. Generally non-democracies depend for their legitimacy on economic performance. As long as high economic performance keeps upgrading its citizens' standard of living, the regime can enjoy popular support, at least superficially. Economic strength also serves as a basis for military strength. In this respect, productivity refers to the capacity to produce armaments. This capacity should include not only enlarging armaments production but also shifting economic structure from the production of civil goods to munitions when necessary.

Economic power may also be used in a similar way to military power. It can be coercive, and damage or weaken another country's economic base.⁵⁷ However, it is not always used for this purpose. Reasons for exercising economic power are : 1) the extraction of economic gain; 2) the achievement of a degree of control over other states; 3) promotion of national military strength; 4) promotion of economic bases of military strength and economic power; 5) promotion of the capabilities of friendly and allied countries; 6) weakening the capabilities of opponent states; and 7) symbolising displeasure and inflicting punishment.⁵⁸

Just as the exercise of military power is increasingly costly, so too is the exercise of economic power. The reasons are, first of all, a state's coercion of others may have negative consequences for its own economy. For example,

The Kennedy administration imposed an embargo on Cuba after it embraced communism and the Soviet Union, the Carter administration a grain embargo on

⁵⁷ Knorr, *Power and Wealth*, p.79.

⁵⁸ For details, see *ibid.*, pp.129-133.

the Soviet Union after it invaded Afghanistan, the Reagan administration an embargo on machine tools and earthmoving equipment to West Europe and the Soviet Union when the Europeans and Soviets agreed to build a gas pipeline across the continent, and the Bush administration an embargo on trade with Panama to force out dictator Manuel Noriega. In all of these examples, the United States suffered more because American business lost out to their foreign rivals as the targeted country simply switched suppliers and markets.⁵⁹

Secondly, collective economic sanctions have often proved to be ineffective. One reason is that some countries will not agree to such measures, because of the economic and political costs that may be incurred if the target state is a major trading partner. Another is that “the authorities in free-enterprise countries may find it difficult to stop illicit trading”. Such measures may also function to increase the target state’s political cohesion.⁶⁰

Lastly, economic and/or military aid sometimes involves a difficult decision in relation to other strategies. When Pakistan accelerated a nuclear weapons programme just after India’s ‘peaceful nuclear explosion’ in 1974, the US rapidly reduced its military and economic aid to Pakistan. However, when the Soviet Union invaded Afghanistan in 1979, the US had to resume aid to Pakistan, since the US needed to maintain a strategic balance in Southwest Asia.

Like military power, economic power is not a panacea. The exercise of economic power is not immune from costs or negative impacts. However, because military force is not easily employed and the exercise of military power may be an inappropriate instrument, states need to know how to exercise economic power effectively.

Traditionally, military great powers were always economic great powers as well. Examples are the United Kingdom in the nineteenth century and the United States in the twentieth century. However, the era after World War Two witnessed the separate

⁵⁹ Nester, *International Relations*, pp.111-112.

⁶⁰ Knorr, *Power and Wealth*, p.157.

emergence of states with military power and those with economic power. While the former Soviet Union was regarded as a militarily great power, it was not considered as a great economic power. Japan, on the other hand, is widely regarded as an economic giant rather than as a military power, despite its huge military expenditure and access to sophisticated military technology. The implication of these examples is that economic strength can easily serve to enhance military strength, while the converse is quite difficult to achieve.

(3) Balance of power

How, then, have states used power for their survival? As mentioned earlier, states have to seek survival in a self-help system. They use whatever means they can to secure greater relative gains and greater power, and try to attain a higher rank in the international system. However, what seems to be necessary to secure everybody's survival is to prevent a potential hegemon from emerging. When a state accumulates power rapidly, other states form an alliance to counter-balance it. The situation in which several states have rough parity in terms of military power is considered desirable not only for individual states' survival but also for maintaining the state system itself. This is the basic idea of balance of power which states have traditionally practised since the Peace of Westphalia in 1648.

What is problematic about balance of power is that 'balance' can have several meanings. The basic idea is to create counter-balance or equilibrium. However, literature about the Concert of Europe before World War One usually focuses on the role of the United Kingdom as a balancer, which tried to create an equilibrium between two blocs. Thus, 'balance' in this case refers to 'balancer'. In addition, the fact that Britain at that time enjoyed hegemonic status led the interpretation that 'balance' also implies

exercising the role of hegemon, contrary to the original meaning of preventing the emergence of a hegemon. 'Balance' in this dissertation refers to equilibrium.⁶¹

If state (*A*) wants to ensure its survival, it appears beneficial to side with emerging power (*B*). But other states (*C*, *D*, *E*...) usually choose to create a balance against *B*, rather than 'bandwagoning' with it. Why is this? If *A* and *C* support *B* politically, economically and militarily, the latter's power would grow even more to the point where *B* could attack and defeat *A* and *C*. Considering the fact that the ultimate goal of states is survival, for *B* to be too strong is not in *A*'s or *C*'s interest, because *B*, today's friend, could become tomorrow's enemy. As Waltz put it, "Nobody wants anyone else to win".⁶² From a realist viewpoint, it is natural for rational states seeking survival to form a counter-balance.

With the demise of the Soviet Union, the world in the post-Cold War era is one with a sole superpower, the United States, and some major powers. Some identify this power structure as unipolar, others as multipolar.⁶³ If the unipolar system is defined as "one in which a single power is geopolitically preponderant because its capabilities are formidable enough to preclude the formation of an overwhelming balancing coalition against it",⁶⁴ the structure of the state system is multipolar when "more than two great powers exist, and when a rough parity exists in the domain, scope, and range of their might",⁶⁵ and 'great powers' refers to countries that "score *all* of the following items:

⁶¹ For details of the various meanings of 'balance', see Ernst B. Haas, "The Balance of Power: Prescription, Concept, or Propaganda?", *World Politics* 5(4), 1953, pp.442-477. For details of the various forms of balance of power, see Bull, *Anarchical Society*, pp.101-106.

⁶² Waltz, *Theory of International Politics*, p.126.

⁶³ Huntington distinguishes a system with a predominant power with some great powers and that without them: a system with "one superpower, no significant major powers, and many minor powers" is unipolar, while "one superpower and several major powers" is defined as uni-multipolar. See Samuel P. Huntington, "The Lonely Superpower", *Foreign Affairs* 78(2), 1999, pp.35-36.

⁶⁴ Layne, "The Unipolar Illusion", p.5, footnote 2.

⁶⁵ Charles W. Kegley, Jr. and Gregory Raymond, *Multipolar Peace?: Great Power Politics in the Twenty-first Century* (New York: St. Martin's Press, 1994), p.16.

size of population and territory, resource endowment, economic capability, military strength, political stability and competence",⁶⁶ the post-Cold War world may be described as unipolar, because "only the United States possesses imposing strength in all categories of great power capability".⁶⁷

Some analysts argue that current unipolarity will remain for a generation or more.⁶⁸ because 1) other powers that are beneficiaries of US policies in economic, political, technological and military terms cannot emerge as real challengers and 2) the current system under US leadership is both peace-prone and durable.⁶⁹ However, a unipolar system embraces mechanisms that allow other great powers to emerge as a challenger in the future. According to Layne, a challenger will emerge as a consequence of uneven growth among states and of international anarchy.⁷⁰ As a state's economy grows rapidly, it tends to find greater political and economic interests in the international system, which in turn increases the state's commitment (not only political, diplomatic and economic, but also possibly military) to the system. This is also a reflection of the state's greater

⁶⁶ Waltz, *Theory of International Politics*, p.131 (emphasis in original).

⁶⁷ Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Rise", *International Security* 17(4), 1993, p.5. For the literature that regards the post-Cold War era as 'unipolar', though temporarily, see *ibid.*, pp.5-51; Charles Krauthammer, "The Unipolar Moment", *Foreign Affairs* 70(1), 1990/91, pp.23-33; William C. Wohlforth, "The Stability of a Unipolar World", *International Security* 24(1), 1999, pp.5-41; G. John Ikenberry, "Getting Hegemony Right", *National Interest* 63, 2001, pp.17-24 ; and William Pfaff, "The Question of Hegemony", *Foreign Affairs* 80(1), 2001, pp.221-232. For literature that supports the idea of multipolarity in Asia, see Paul Dibb, "Towards a New Balance of Power in Asia", *Adelphi Paper* 295, 1995; and Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security* 18(3), 1993/94, pp.5-33, that in Europe, see John J. Mearsheimer, "Back to the Future: Instability in Europe After the Cold War", *International Security* 15(1), 1990, pp.5-56.

⁶⁸ For example, Krauthammer thinks it will remain for a generation or so, while Wohlforth believes that it will last as long as the period of bipolarity under the Cold War, given that "Washington plays its cards right". See Krauthammer, "The Unipolar Moment", p.24; and Wohlforth, "The Stability of a Unipolar World", p.8.

⁶⁹ Wohlforth, "The Stability of a Unipolar World", pp.7-8.

⁷⁰ Layne, "The Unipolar Illusion", p.9.

ambition to seek a 'rightful' status in the international system.⁷¹ As Gilpin puts it, the behavioural pattern of a rising power would be as follows:

The realist law of uneven growth implies that as the power of a group or state increases, that group or state will be tempted to try to increase its control over its environment. In order to increase its own security, it will try to expand its political, economic, and territorial control; it will try to change the international system in accordance with its particular set of interests.⁷²

In the contemporary context, China's actions in the Spratlys are seen as an attempt to increase her territorial control, and her bid to host the 2008 Olympic Games can be regarded as an attempt to heighten her prestige and status in international community. It is perhaps needless to point out that China's economy has been growing at a faster rate than other major powers' and regional states' since the 1980s. All these factors, combined with China's dissatisfaction with the *status quo* which was created during the Cold War, implies that China has the potential to become a challenger in the long run.

At the same time, a rising power tends to import the hegemon's political and administrative system in order to become as powerful as the hegemon. This is what Waltz calls "a tendency toward sameness".⁷³ For example, Austria and England copied the French model of a centralised administrative system which enabled the government to mobilise all domestic resources (not only economy but also manpower) in the late seventeenth century in order to acquire sufficient power to compete with the then hegemon, France.⁷⁴ As a result, the gap between a rising power and a hegemonic power narrows and power will eventually be re-distributed. Although China does not have any

⁷¹ Ibid., pp.10-11.

⁷² Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), pp.94-95.

⁷³ Waltz, *Theory of International Politics*, p.127.

⁷⁴ Layne, "The Unipolar Illusion", pp.17-18.

intention to introduce an American-style democratic political system, it has imported Western economic and military systems since the 1980s.

Under these conditions, a potential challenger generally chooses to form an alliance with other great powers, rather than bandwagoning to the strongest state, in order to counter the latter, because a single preponderant power might become a threat, potential or real, to them. Thus, however benign a hegemon might be, the very existence of the predominant power alarms other states. If, as Wohlforth pointed out, “*all* major regional powers do share one item on their political agenda: how to deal with U.S. power”,⁷⁵ this is the very evidence that the United States is viewed as a threat. For example, China has repeatedly criticised the United States for its hegemonism and Cold War mentality, which is supposedly a major threat to peace, not only for China but also globally.⁷⁶ As Layne put it, “other states react to the threat of hegemony, not to the hegemon’s identity”.⁷⁷ In the realist view, strategic partnership between China and Russia is a natural outcome of the post-Cold War US hegemony.

(4) Influence of power on states' behaviour

Since the international system is anarchic and competitive, states seek power in order to ensure their survival and maximise their relative gains. States make efforts to develop their economy and technology and strengthen military capabilities. These efforts surely provide states with greater power in absolute terms. Greater power allows a state a wider range of policy options. However, whether these efforts are sufficient to ensure

⁷⁵ Wohlforth, “The Stability of a Unipolar World”, p.36 (emphasis in original). He uses this sentence to explain that other great powers’ influence would be limited in the region. For example, China’s behaviour may matter in Asia and US Asia policy, but will not matter in, say, US European policy. Then he concludes that “Until these states are capable of producing a counterpoise to the United States, the system is unipolar”. Ibid. See also Ikenberry, “Getting Hegemony Right”; and Pfaff, “The Question of Hegemony”.

⁷⁶ See for example, Information Office of the State Council of the People's Republic of China, “China’s National Defence”, July 1998 available at <http://www.fas.org/organisation/nuke/guide/china/doctrine/cnd9807/index.html>.

⁷⁷ Layne, “The Unipolar Illusion”, p.35.

their survival is another question, because power must be measured in relative terms. If a state's power is smaller than that of its adversary (adversaries), it needs a third party (parties) to side with it in order to provide a counter-balance against the adversary (adversaries).

The 'soft' dimensions of power (such as political will and leadership) are also important, because power – a matter of whether to influence or be influenced – is essentially a psychological phenomenon. Of course, that psychological toughness requires the backing of 'hard' power. Without it, a state cannot make a credible threat against an adversary, nor can it effectively resist an adversary's threat. Thus, the degree of power a state has can determine its behaviour vis-à-vis the target state.

The prevailing balance of power or distribution of power also influence states' behaviour. For example, during the Cold War interaction between the members of the two blocs was highly restricted. As a result of Moscow's arms race with Washington, its economy had exhausted and the Soviet Union disintegrated in 1991. This caused a drastic change in security environment not only for the United States but also European countries and China. Subsequently Washington redefined its national interests and objectives and reviewed its military strategy and foreign policy. While it came to focus on threats from rogue states and ethnic conflicts in the Third World, it also shifted its attention from Europe to Asia, where China was perceived as the United States' potential future adversary. China also reviewed its national objectives and military strategy, which will be examined in Chapter 2. Even Japan, where discussion of security issue had been taboo for fifty years, was not free from the shift in the regional military balance of power. North Korea's launch of a Taepodong missile over Japan in August 1998 and its suspected intrusion of Japan's territorial waters in March 1999 significantly heightened the sense of insecurity among Japanese and helped accelerate the passage of

defence bills in the Lower House in the next month (April 1999) which enhanced its role under the US-Japan Mutual Defence Treaty. Since a change in balance of power or distribution of power could directly influence states' survival and security, it must be concluded that the impact of these elements on states' behaviour is great.

2) Economic interdependence

(1) Definition of interdependence

Keohane and Nye define interdependence as '*mutual* dependence', which involves reciprocally costly effects of transactions.⁷⁸ However, the definition of interdependence is under debate. According to Rosecrance, it entails the following notions: 1) a relationship in which one state's changing position influences the other; and 2) the existence of increasing "sensitivity" over external economic developments.⁷⁹ These points, however, do not tell us about the cost of breaking relations. Baldwin suggests three possibilities for the notion of interdependence: 1) it is interchangeable with the word interaction; 2) it refers to interactions which have negative effects on both sides if one party withdraws from interdependent relations; and 3) it implies relationships that are costly for the parties to break.⁸⁰ Although Keohane and Nye's definition falls in the second category, as Baldwin points out, this does not necessarily imply symmetrical dependence. For example, trade is an interaction of this kind, but Japan is much more dependent on Saudi Arabia's oil than the latter is on the former's industrial exports. In Keohane and Nye's analogy, Japan is more "sensitive" and "vulnerable"⁸¹ in relations with Saudi Arabia.

⁷⁸ Keohane and Nye, *Power and Interdependence*, pp.8-9 (emphasis in original).

⁷⁹ Richard Rosecrance and Arthur Stein, "Interdependence: Myth or Reality?", *World Politics* 26(1), 1973, p.2.

⁸⁰ Baldwin, "Power Analysis and World Politics", pp.175-177.

⁸¹ "Sensitivity involves degrees of responsiveness within a policy framework – how quickly do changes in one country bring costly changes in another, and how great are the costly effects?", while "the vulnerability dimension of interdependence rests on their relative availability and costliness of the alternatives that various actors face". See Keohane and Nye, *Power and Interdependence*, p.12 and p.13. For example, if OPEC quadrupled the oil price as it did in 1973, Japan would have to find an

Breaking this relationship would be enormously damaging to Japan, but Saudi Arabia also would have to accept some cost from losing Japan, a constant and relatively important client. Thus, the definition of interdependence fits better into Baldwin's third category.

In *Power and Interdependence*, Keohane and Nye argue that interdependent relations do not necessarily lead to mutual benefit, nor do they automatically enhance cooperation among states, because the asymmetrically less sensitive and/or less vulnerable party has a "source of power" to influence the other.⁸² If a state has a greater source of power, it does not need to make concessions to cooperate with other states. Just exercising power may be an easier way to achieve its goal(s). However, the source of power is often decreased during the process of 'translating' it into the exercise of actual power, as discussed above.

(2) Empirical studies

The current 'liberal peace' argument started in the late 1980s. The major characteristic of 'liberal peace' research is an attempt to prove scientifically the positive relationship between liberalism and peace, by statistical means. At first, attention was primarily paid to the correlation between a state's domestic political system (democracy in particular) and peace. However, liberalism's assumption that democracy and the liberal economic system, which are expected to enhance each other, are inseparable brought scholars in the liberal school to focus on the correlation between economic interdependence (trade in particular) and peace in the early 1990s.

Before this period there was, of course, a literature which focused on the relationship between economic factors and war/peace, and this did not stand on the

alternative source of oil outside OPEC. This is a matter of sensitivity. However, if as a result Japan changed its energy policy from depending on oil to nuclear energy, this would be an issue of vulnerability.

ground of statistical analysis. For example, at very different times (1914 and 1986) Angell and Rosecrance strongly advocated the pacifying effect of trade.⁸³

The basic model of study in this area using statistical methods was introduced by Polachek in 1980. In Polachek's study, the following conclusions were drawn: 1) although conflict affects trade and trade affects conflict, the degree of the latter effect is greater than the former; 2) when trade doubles between two countries, the net frequency of dyadic hostility reduced by approximately 15~19%; and 3) conflict is most sensitive to trade in strategic goods.⁸⁴ In 1982 Gasiorowski and Polachek tested the applicability of these results to political adversaries. They examined the trade-conflict relations between the United States and the Warsaw Pact countries in the period from the late 1960s to the early 1970s. They found a negative correlation between trade and conflict, and that hostility declines to a greater extent in the party which benefits more from the trade, and concluded that "trade can be used as an instrument to alter another country's behavior".⁸⁵

Studies that found a negative correlation among democracy, total bilateral trade and militarised conflict were conducted by Oneal *et al.* (1996) and Oneal and Russett (1997).⁸⁶ They examined 1950-1985 period, using the statistical method. In these

⁸² Ibid., p.9, p.249, and p.11.

⁸³ Angell, *The Great Illusion*; and Rosecrance, *The Rise of the Trading State*.

⁸⁴ Solomon William Polachek, "Conflict and Trade", *Journal of Conflict Resolution* 24(1), 1980, pp.63-67. Polachek made it clear that the period of study was ten years and 30 countries were the subject of this study. Reuveny and Kang concluded that minerals, iron and steel, fuels, basic manufactures, and control and scientific equipment can be identified as strategic goods. See Rafael Reuveny and Heejoon Kang, "Bilateral Trade and Political Conflict/Cooperation: Do Goods Matter?", *Journal of Peace Research* 35(5), 1998, p.597. Baldwin defines strategic goods as "anything that is needed to pursue a given strategy and that is relatively inefficient to produce at home". David Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985), pp.214-215, cited in *ibid.*, p.586.

⁸⁵ Mark Gasiorowski and Solomon W. Polachek, "Conflict and Interdependence: East-West Trade and Linkage in the Era of Detente", *Journal of Conflict Resolution* 26(4), 1982, p.728.

⁸⁶ John R. Oneal, Frances H. Oneal, Zeev Maoz and Bruce Russett, "The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950-85", *Journal of Peace Research* 33(1), 1996, pp.11-28; and John R. Oneal and Bruce M. Russett, "The Classical Liberals Were Right:

studies, militarised disputes were treated as a dependent variable, and the independent variables common to the two studies were democracy, economic interdependence (in terms of trade-to-GDP [gross domestic product] ratio), alliance, contiguity, military capability and economic growth. 'Political change' in the 1996 study was replaced in the later one by 'institutional constraints' and 'non-violent norms'. The major outcomes were as follows: 1) other conditions being equal, economic interdependence reduces the likelihood of militarised conflict, and peace demonstrated stronger correlation with economic interdependence than alliance and economic growth did;⁸⁷ 2) asymmetric interdependence does not necessarily increase a military conflict;⁸⁸ and 3) even trade dependency contributes to a reduction in conflict.⁸⁹

In contrast, in a study that focused on the relations between total bilateral trade and militarised conflict in the period of 1870 to 1938, Barbieri concluded that economic interdependence does not necessarily lead to peace. Her study included such aspects as democracy, political and military factors such as alliance and capability, and economic factors such as degree of economic interdependence and whether relations were symmetrical or not. The major findings were: 1) "economically important trading partners are 1.4 times as likely to engage in disputes than are those dyads with limited economic importance"; 2) asymmetrical interdependence leads to disputes; 3) deepening of interdependence increases the likelihood of militarised disputes; however, 4) economic interdependence was not the decisive factor in the decision to go to war, though interdependence and conflict affect each other.⁹⁰

Democracy, Interdependence, and Conflict, 1950-1985", *International Studies Quarterly* 41(2), 1997, pp.267-294.

⁸⁷ Oneal *et al.*, "The Liberal Peace", p.22.

⁸⁸ Oneal *et al.*, "The Classical Liberals Were Right", p.283.

⁸⁹ Oneal *et al.*, "The Liberal Peace" p.21.

⁹⁰ Barbieri, "Economic Interdependence".

Barbieri's conclusion that interdependence does not necessarily bring peace though interdependence and conflict affect each other is supported by Reuveny and Kang's study, which examined the relationship between bilateral trade in commodities and political conflict for the dyads of US-Soviet, US-China, Turkey-Greece, and Egypt-Israel between the early 1970s and the early 1990s. They argue that "the effect of an increase of trade on conflict is generally ambiguous", because 1) the importance of trade varies from country to country and from commodity to commodity, thus, it is assumed that trade-conflict relations also vary; 2) the relations between total trade and conflict are different from those between commodity-based trade and conflict; and 3) governments' attitudes toward trade and conflict are partly affected by the economic structure – for example, the role of government in trade tends to be greater in centrally planned economies and developing economies.⁹¹

This final point is consistent with Pollins' study which examined the impact of political and economic factors on conflict. He studied two points using data on twenty-five countries for the period between 1955 and 1978.⁹² The first point was to examine the correlations among the degree of integration into the world economy, political conflicts and volume of trade by focusing particularly on six countries (the United States, the Soviet Union, West Germany, East Germany, Egypt and India) among the twenty-five countries selected. The second point was to examine the correlations between trade and political conflicts among allies. Regarding the first point, the states which were most integrated into the world economy, the US and West Germany, were less sensitive to

⁹¹ Reuveny and Kang, "Bilateral Trade and Political Conflict/Cooperation". Citation was drawn from p.581.

⁹² Brian M. Pollins, "Does Trade Still Follow the Flag?", *American Political Science Review* 83(2), 1989, pp.465-480. The twenty-five states selected were the United States, West Germany, Canada, the United Kingdom, France, Italy, Japan, the Soviet Union, East Germany, Poland, Czechoslovakia, Egypt, India, Venezuela, Nigeria, Iran, Saudi Arabia, Indonesia, Mexico, Brazil, Argentina, South Africa, Turkey, the People's Republic of China, and Pakistan.

changes in the political environment than those which were less integrated. the Soviet Union, East Germany, Egypt and India.⁹³ That is, the United States and West Germany did not change their trade policies drastically even if political conflicts with trading partners emerged, while the other states' trade policies were deeply influenced by political relations with their trading partners.

Until Reuveny and Kang's study, there was a strong tendency for most studies, examining the period after World War Two, to connect trade and peace. Reuveny and Kang denied this connection. Barbieri, who studied only the pre-World War Two period, also denied this connection. If economic interdependence may not be the decisive factor for peace or war, the explanation may be found in political/military factors. As mentioned above, the primary explanation for the absence of war among major powers after World War Two was the existence of nuclear weapons. Weede also identifies extended nuclear deterrence as the essential factor that contributed to peace during the Cold War.⁹⁴

Regarding Pollin's second point under scrutiny, the relationship between political conflicts among allies and trade, the political environment (cooperation or conflict) significantly influenced the volume of imports even among allies. This was also true for the Organisation for Economic Cooperation and Development (OECD) members that are highly developed and deeply integrated into the world economy. If trade volume was affected by the political environment among those states, this implies states' control of trade, to some degree, even in the countries with the most liberal economic system. In Pollins' words, "trade does indeed follow the flag".⁹⁵

⁹³ Ibid., p.476.

⁹⁴ Erich Weede, "Extended Deterrence by Superpower Alliance", *Journal of Conflict Resolution* 27(2), 1983, pp.231-254; and "Extended Deterrence, Superpower Control, and Militarized Interstate Disputes, 1962-76", *Journal of Peace Research* 26(1), 1989, pp.7-17.

⁹⁵ Pollins, "Does Trade Still Follow the Flag?", pp.477-478.

However, it should not be forgotten that there is a mechanism to enhance trade among security allies. Gowa and Mansfield's study on the relations between alliance and trade in the period of 1905 and 1985 points out this factor. They argue that allies tend to establish preferential trading arrangements such as free trade areas, while "tariff games between allies differ systematically from those played between adversaries".⁹⁶ Thus, if increased trade leads to peace, as liberals claim, it can be attributed to a mechanism, a product of a political decision, which increases trade among allies.

(3) Discussion

The previous section introduced three types of literature which have used quantitative methods to assess the type of correlation between peace and economic interdependence, namely positive correlation, negative correlation, and no correlation. This section raises some questions about the usefulness of the quantitative approach and examines the significance of economic interdependence as a factor for maintaining peace.

The first point that should be noted is that there are some problems with the logic of liberal peace. The first problem is a technical one associated with statistical methods. For example, trade has been used as a variable to assess economic interdependence. The question is, 'is it enough?' Since the movement of capital is very rapid and involves extremely large amounts, capital flow (not only investment but also speculation) also needs to be taken into account.⁹⁷ In fact, Barbieri draws attention to the absence of consensus about which phenomena should be included as aspects of economic

⁹⁶ Joanne Gowa and Edward D. Mansfield, "Power Politics and International Trade", *American Political Science Review* 87(2), 1993, pp.412 and p.409, respectively.

⁹⁷ According to a Bank for International Settlements (BIS) report published in October 1998, foreign exchange through trade constitutes less than 2 percent of the whole foreign exchange, leaving other 98 percent through speculation. See Li Changjin, "World Economy at a Crossroad", *Beijing Review*, 4-10 January 1999, p.15. The power of the hedge fund is so great that it caused financial crises in some countries and areas (Mexico in 1994, East Asia in 1997, Russia in 1998 and 1999 and Brazil in 1998). Now that one country's financial crisis easily triggers similar events in other countries, and that spreading such a crisis to others cannot be controlled, capital movement seems more relevant to interdependence than trade.

interdependence, and points out that the measurement of economic interdependence poses a challenge.⁹⁸ Reuveny and Kang also point out the necessity of developing a more effective model which can determine correlation between trade and cooperation conflict.⁹⁹

However, a more fundamental question is whether statistical analysis is an appropriate method to explain the phenomena in the political-economic area. Of course, it is beneficial to understand the trend, but there is no explanation about the meaning of the figures or numbers the authors give. For example, Oneal *et al.* show that, other conditions being equal, economic interdependence reduces the likelihood of conflict from 0.78 (baseline conditions) to 0.47.¹⁰⁰ However, there is no explanation about what 0.47 or 0.31 ($= 0.78 - 0.47$) means in the real world. Moreover, the meaning of 0.47 or 0.31 is assumed to be different from state to state, because each state's political environment (such as its relative power vis-à-vis the adversary, degree of conflict, the value of issue in question, and so forth) is different. Thus, as long as the reasoning or analysis based on the figures is missing, their studies are only statistics, not political science. Furthermore, the statistical method cannot handle whatever cannot be converted into numbers. Thus, authors can incorporate the elements of 'alliance' and 'military capabilities', but completely ignore the diplomatic process. Even during war, there are usually diplomatic negotiations behind the scenes. At some moments, they go forward, but at others they end in deadlock. There are usually also diplomatic negotiations and bargaining before a conflict becomes militarised. However, the statistical method cannot deal with such

⁹⁸ Barbieri, "Economic Interdependence", p.36. See also Oneal *et al.*, "The Classical Liberals Were Right", p.275, footnote 1.

⁹⁹ Reuveny and Kang, "Bilateral Trade and Political Conflict/Cooperation", p.581.

¹⁰⁰ Oneal *et al.*, "The Classical Liberals Were Right", p.279, Table 3. Annual Probabilities of Involvement in a Militarized Dispute, 1950-1985, Based on the Estimated Coefficients for Equations 1 and 2 in Table 2.

factors. Consequently, an important influence on trade-conflict relations is omitted, and the outcome could be oversimplified as a result.

A second problem of the liberal peace argument is the general tendency to ignore the fact that politics “determines the framework of economic activity”.¹⁰¹ Liberals argue that the main cause of the absence of war among the major powers after World War Two is that they are democracies and have liberal economic systems. Yes, they are right. However, at the same time, they are all allies of the United States which was the rival of the Soviet Union under the situation called the Cold War. The United States' fear of the Soviet threat led to the conclusion that Western countries' trade with the Soviet bloc should be strictly controlled, because their goods and technologies could serve to strengthen the basis of the Soviet Union's military power. As a result, Washington encouraged active trade within the alliance system which it dominated, in order to compensate economic loss caused by the restriction of trade between alliances. The so-called liberal peace was largely made possible by the Cold War political/military structure. In addition, a decision about whether or not to wage war must be made considering as many factors as possible. These include not only economic ties but also a state's relative power (military capability and logistics) vis-à-vis the adversary, timing, funding for war, calculation of costs and gains, domestic opinion, the significance of the issue in question, and the outcome of bargaining and negotiations. Economic interdependence is surely one of the important elements to be considered and can be expected to function as a constraint on states' behaviour, but it is not the decisive factor for a state when deciding whether or not to go to war.

¹⁰¹ Robert Gilpin, “The Politics of Transnational Economic Relations”, *International Organization* 25, 1971, p.403.

3) Institutions

(1) Definition and function of institutions

According to Keohane, institutions are “persistent and connected sets of rules (formal and informal) that prescribe behavioral roles, constrain activity, and shape expectations” and comprise the following three forms: 1) formal intergovernmental or cross-national nongovernmental organisations; 2) international regimes; and 3) conventions.¹⁰² They include, therefore, not only the World Bank, the United Nations, the GATT and WTO, but also the Roman Catholic Church, the United Nations Convention on the Law of the Sea (UNCLOS), the Red Cross, and multinational corporations such as IBM, SONY and Toyota. Participants in institutions are assumed to be rational maximisers of self-interest. In order to simplify the discussion, ‘institutions’ in this section mainly refers to international (intergovernmental) organisations, because they are an arena in which national interests conflict, but at the same time, where various kinds of cooperation are most easily observed. So the term ‘international institutions’ is used here interchangeably with the term ‘international organisations’.

The basic incentive for establishing international institutions seems to be the existence of problems that cannot be resolved by the effort of a single country, such as the fluctuation of exchange rates, transfers of capital, environmental issues (e.g. pollution of sea and air, the hole in ozone layers, global warming), international crime (for example, drug trafficking and smuggling), proliferation of weapons of mass destruction (WMD), and so forth. The more difficult it is to cooperate and the greater benefit each actor can expect from cooperation, the more useful institutions will be.

¹⁰² Robert O. Keohane, *International Institutions and State Power: Essays in International Relations Theory* (Boulder: Westview Press, 1989), pp.3-4. Mearsheimer defines institutions as “a set of rules that stipulate the ways in which states should cooperate and compete with each other”. See Mearsheimer, “The False Promise of International Institutions”, p.8.

International institutions are a good tool for weaker states to strengthen their bargaining position vis-à-vis the stronger states, because the rules and norms of established regimes give a stronger party less room for manoeuvring, and because regimes also provide valuable information for which the weaker parties would otherwise have to pay more. Under rule-based cooperation, every state can secure greater absolute gain.

However, in the realist view, cooperation is difficult under the circumstances that each actor has an incentive to defect; that is, states are trapped in the so-called Prisoners' Dilemma, and states are concerned more about relative gains rather than increase of absolute gain. The simplest form of the Prisoners' Dilemma involves two players, with each actor having only two options; either cooperation (C) or defection (D). Neither actor has information about what the other player will do, and each actor's dominant strategy is assumed to be defection, regardless of the other actor's behaviour. The benefit of mutual cooperation is greater than that of mutual defection, but less than that of unilateral defection. More specifically, $CC > (CD + DC)/2$.¹⁰³ Under these circumstances, "each state prefers mutual cooperation to mutual noncooperation ($CC > DD$), but also successful cheating to mutual cooperation ($DC > CC$) and mutual defection to victimization by another's cheating ($DD > CD$); overall, then, $DC > CC > DD > CD$ ".¹⁰⁴

Since each actor tries to avoid being unilaterally exploited (CD), each decides to defect, resulting in the second worst outcome. As this game demonstrates, the "rational

¹⁰³ Robert Axelrod, "The Emergence of Cooperation among Egoists", *American Political Science Review* 75, 1981, p.306.

¹⁰⁴ Grieco, "Anarchy and the Limits of Cooperation", p.493. See also Arthur A. Stein, "The Politics of Linkage", *World Politics* 33(1), 1980, pp.62-81; Arthur A. Stein, "Coordination and Collaboration: Regimes in an Anarchic World", in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.115-140; and Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), pp.67-69.

pursuit of self-interest leads to a solution that is not Pareto-optimal¹⁰⁵ or even to a disaster.¹⁰⁶ Thus, achieving a Pareto-optimal solution requires a shift of players' top priority from DC to CC. If this was realised, the game changes from Prisoners' Dilemma to Stag Hunt (CC>DC>DD>CD).¹⁰⁷

Repeating the Prisoners' Dilemma game contributes to a change in player's preference ordering. If Prisoners' Dilemma is a single shot game, the players will surely defect. However, under the repeated game, each player has chances of meeting retaliation from the other. This perception, or real retaliation, leads the players to amend their dominant strategy from defection to cooperation. Moreover, once the players recognise the benefit of cooperation, they may become willing to cooperate in the future.

However, altering the dominant strategy is not easy, because there is no guarantee that the other player will cooperate. Even if the parties agree to cooperate, one player may cheat. Thus, conditions under which cooperation occurs more frequently are needed. Jervis points out that such conditions are: (1) anything that increases incentives to cooperate by increasing the gains of mutual cooperation (CC) and/ or decreasing the costs the actor will pay if he cooperates and the other does not (CD); (2) anything that decreases the incentives for defecting by decreasing the gains of taking advantage of the other (DC) and/or increasing the costs of mutual noncooperation (DD); (3) anything that increases each side's expectation that the other will cooperate.¹⁰⁸

¹⁰⁵ Robert Jervis, "Security Regimes", *International Organization* 36(2), 1982, p.358. Put simply, Pareto-optimal is the point at which all parties involved gain almost the same degree of satisfaction.

¹⁰⁶ Robert Axelrod and Robert O. Keohane, "Achieving Cooperation Under Anarchy: Strategies and Institutions", *World Politics* 38(1), 1985, p.231.

¹⁰⁷ There are other types of ordering. If the players in Prisoners' Dilemma perceived DD, rather than CD, as the worst (DC>CC>CD>DD), this game is called Chicken. However, if the players are attached to defection and perceive DD as even better than CC (DC>DD>CC>CD), this is called Deadlock.

¹⁰⁸ Robert Jervis, "Cooperation Under the Security Dilemma", *World Politics* 30(1), 1978, p.171.

In order for these conditions to be established, it is necessary to consider the elements that influence the players' incentives: mutuality of interest; the shadow of the future and the number of players.¹⁰⁹ In general, the greater the conflict of interests, the greater the incentive to defect. Thus, finding a common interest, even if its value is asymmetrical, could foster the players' incentive to cooperate. The element of the future is also important. As mentioned earlier, if the game is a single shot, defection is the most rational strategy. However, if the game is repeated, one player's first defection will meet retaliation by the other. And if the benefit of defecting today is, or is perceived as, smaller than the cost caused by the other's retaliation tomorrow, the incentive to defect today is expected to be decreased. The key issues here are perception of the payoff and reciprocity. According to Axelrod's study, based on a computerised chess tournament, "the highest average score was attained by the simplest of all the strategies submitted"; that is, tit for tat.¹¹⁰

However, perception of the payoff will become unclear as the number of players increases, due to the problem of identification of defectors and the sanctioning problem. The sanctioning problem means that there is a lack of incentives and/or measures for punishing defectors.¹¹¹ If the defector is not identified, or punished, then it is natural to assume that most players will choose to be 'free-riders' rather than 'policemen'.

How, then, can cooperation be achieved or promoted? One effective way is to employ a tit-for-tat strategy. Despite the problems mentioned above, it seems valid where the number of the players is limited. The question is, what should the first move be, when the other player has not made a move? Axelrod advises cooperation first.

¹⁰⁹ Axelrod and Keohane, "Achieving Cooperation Under Anarchy", pp.228-238.

¹¹⁰ Axelrod, "The Emergence of Cooperation among Egoists", p.309. See also Axelrod and Keohane, "Achieving Cooperation Under Anarchy", p.244; and Robert Axelrod, *The Evolution of Cooperation* (London: Penguin, 1990).

¹¹¹ Axelrod and Keohane, "Achieving Cooperation Under Anarchy", pp.235-236.

Player *A*'s cooperation may lead to player *B*'s cooperation. If *B* defects this time, *A* can retaliate against *B* the next time, regardless of *B*'s action. Repeated play will gradually converge the players towards cooperation. However, there are pitfalls in the tit-for-tat strategy. First of all, tit-for-tat would result in an "unending echo of alternating defection". And it could also lead the players to "deadlock".¹¹² For example, raising tariff levels in one country may result in other countries following suit, although a lower level of tariff would better suit their real income; or devaluation of currency in one country could trigger competitive devaluation among other states, although the benefit of devaluation is not necessarily guaranteed to exceed the costs. Despite those pitfalls of the tit-for-tat strategy, Axelrod suggests that a "better strategy might be to return only nine-tenths of a tit for a tat. This would help dampen the echoing of conflict and still provide an incentive to the other player not to try any gratuitous defections".¹¹³

Another way to foster cooperation is to establish regimes. Although regimes "do not substitute for reciprocity", they are expected to "reinforce and institutionalize it".¹¹⁴ By providing information about actors' compliance and regulating a range of actors' behaviour, it is possible to increase the cost of defection, liberal institutionalists argue.

(2) Motivations to form institutions

Traditionally, the primary reason for regime formation was explained by hegemonic stability theory, especially since the 1970s when the relative decline of the US power began to be widely recognised. The core logic of the hegemonic stability theory is as follows. A hegemon, which has outstanding military and economic power, creates an international order. In the case of the United States, she formed an alliance system with the purpose of containing the Soviet bloc, and also established the liberal economic order

¹¹² Ibid., p.245.

¹¹³ Axelrod, *Evolution of Cooperation*, p.138.

¹¹⁴ Axelrod and Keohane, "Achieving Cooperation Under Anarchy", p.250.

called the Bretton Woods system in which allies and friends of the US were able to deepen interdependence. These military and economic orders served as public goods¹¹⁵ which necessitated US tolerance of an excessive burden, in terms of the economic, and political costs of allowing other members, Japan in particular, to 'free-ride'. Thus, when the hegemon declined, a change of regime was also inevitable. This theory apparently supports the idea that states influence regimes, not vice versa.

Keohane criticised this theory, which he calls the 'supply side' argument, pointing out that the 'demand side' element is ignored. Then, how is the 'demand' created? According to Keohane, certain conditions must prevail: 1) a common interest in a particular issue area among actors; 2) if an *ad hoc* agreement is concluded, everybody can benefit from it; however, 3) the transaction cost is high and the information that each actor has is imperfect, especially on an *ad hoc* basis. In other words,

... where the demand for agreements is positive at some level of feasible cost, and the supply of agreements is not infinitely elastic and free, there may be a demand for international regimes *if* they actually make possible agreements yielding net benefit that would not be possible on an *ad hoc* basis.¹¹⁶

Conversely, where everybody knows that everyone else obeys the agreement, the transaction cost is almost zero and each actor has access to perfect information, there is no need to form a regime. Thus, an effective regime requires a lack of at least one element among reliability, null transaction cost and perfect information.¹¹⁷ This implies that the major roles of regime are enhancing compliance, decreasing transaction costs

¹¹⁵ Public goods are goods that should be offered to all members regardless of whether or not the members use them and whether or not the users have paid for them. Take public roads, for example. Once the roads are built, they must be offered even to those who do not use them and those who do not pay tax but still use them (free riders). Such goods in international arena are usually provided by the hegemon.

¹¹⁶ Robert O. Keohane, "The Demand for International Regimes", in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1983), pp.149-153. Citation was drawn from p.153 (emphasis in original).

¹¹⁷ *Ibid.*, pp.153-154.

and/or providing necessary information to their members. Although Keohane provides no specific example, the UNCLOS, the Convention on International Trade in Endangered Species, and the International Convention for the Regulation of Whaling may be classed as 'demand side' regimes.

Taking into account the facts that even the United States can no longer dominate or control many issue areas and that the number of problems which cross borders has been increasing, 'demand side' regimes will increase in the future. However, regardless of the type of regime, regimes must live up to their members' expectation of benefit. If a regime fails to provide adequate benefit, its decline is inevitable.

(3) How institutions influence states' behaviour

Institution theory assumes that institutions have a significant impact on states' behaviour. Their influence can roughly be divided into two categories: making states more cooperative, and constraining them by rules. This section examines whether institutions satisfy such elements that are expected to promote cooperation in the light of repeated play, perception of the payoff, the free rider problem and distributional problem.

As mentioned above, the repeated game is expected to lead players gradually to converge towards cooperation because one player's defection is strongly expected to meet another's retaliation. In this regard, institutions are arenas of repeated play thereby promoting cooperation, in the economic sphere in particular. Regarding the perception of payoff, institutions must guarantee each member that nobody will receive the payoff of CD (being unilaterally exploited). Thus, whether institutions can lead states to be cooperative depends on whether they can prevent cheating by some members and/or whether they can effectively punish the defectors; in other words, whether institutions have autonomous rights and adequate measures for monitoring, verification, sanction and enforcement. Since one of the major functions of institutions is to provide information,

monitoring and verification may be, at least partly, satisfied. However, many institutions lack enforcement measures, which results in allowing some members' deviant behaviour. This problem will be discussed later. The free-rider problem also needs to be resolved. On the one hand, if an international organisation involves many participants, it can be seen as a successful institution, because those members are willing to be bound by the rules of the institution. However, it seems to be true that the more players participate, the more difficult it is to identify free-riders. Since this problem is also connected with the sanction problem, the role institutions can play in this respect could be limited, depending on issue areas. In the case of the NPT, violation can be detected relatively easily because its monitoring measure (inspection) is strict and it is relatively successful in enforcement. Nonetheless, the NPT could not prevent the Iraqi case.¹¹⁸ Thus, institutions with less strict monitoring and enforcement measures have to tolerate, to a certain degree, the free-rider problem.

Finally, distributional problems need to be overcome. One of the major disagreements between realists and liberals about cooperation is how to deal with the problem of relative gain. Liberals assert that greater absolute gain can motivate states to cooperate, while realists argue that concern about who gains more is a big obstacle for cooperation. Regarding distributional conflict, liberalism is confident, arguing that institutions can help to settle distribution conflict and assure states that "gains are evenly

¹¹⁸ The parties of the NPT must make an agreement with IAEA which supplies information and necessary materials to help its member states' peaceful nuclear development. But in exchange, member states have to accept IAEA's regular inspections, because even a small volume of critical materials (such as plutonium and enriched uranium) could be enough for making a nuclear bomb. Iraq, the party of the NPT, has enjoyed the benefit of nuclear development, while cheating over the materials and rejecting IAEA's inspections. Even before the Gulf War, Iraq's potential to complete nuclear bombs was estimated as 'within reach'. However, a lack of critical information about Iraq's nuclear development caused a wide divergence about how close it was to nuclear bombs; from 'one to three weeks' to 'at least six months and probably years' to 'eight months'. See Paul Leventhal, "Present Assessments Understate Iraq's Nuclear Weapons Potential" (For Immediate Release, Nuclear Control Institute, 30 November 1990), available at <http://www.nci.org/t/t113090.htm>; and Edwin S. Lyman, "Iraq: How Close to a Nuclear Weapon?" (Nuclear Control Institute, 30 November 1995), available at <http://www.nci.org/i/ib113095.htm>.

divided over time, for example by disclosing information about the military expenditures and capacities of alliance members".¹¹⁹

What about the function of constraining states' behaviour? This constraint can be divided into two categories: rule binding and cost of withdrawal. Regarding the former point, it seems to be true that

... institutions are *simultaneously causes and effects*; ... states choose and design institutions. States do so because they face certain problems that can be resolved through institutional mechanisms. They choose institutions because of their intended effects. Once constructed, institutions will constrain and shape behaviour, even as they are constantly challenged and reformed by their member states.¹²⁰

However, the question is, is it rules *per se* that constrain states' behaviour? Liberals surely answer 'yes', but from a realist point of view, the answer is 'no'. What allows states to respect rules and obligations is their political will to observe the rules and obligations. As the 1998 Iraqi rejection of UN arms inspection shows, if there is no political will to obey the rules, rules no longer have binding power. On the other hand, if the political will is to obey the rules, even non-member states may act as if they were members of the given regime. For example, China and France respected the NPT rules even before acceding to the NPT, and most other non-member states, such as Brazil and Argentina, also followed suit. In this sense, institutions cannot always constrain states' political will.

Moreover, once a state becomes a member of a certain organisation, it is sometimes quite difficult to withdraw from that organisation, even if it allows members to withdraw with advance notice. For example, North Korea's hint in the early 1990s that it would withdraw from the NPT triggered concerted international pressure for it not

¹¹⁹ Robert O. Keohane and Lisa L. Martin, "The Promise of Institutional Theory", *International Security* 20(1), 1995, pp.45-46.

to do so. It seems to be perceived to be particularly costly if a state withdraws from regimes in the security sphere. This is probably because such regimes are more directly relevant to other states' survival than economic regimes. Thus, violation of the rules and/or withdrawal from the security regime relatively easily trigger other states' economic sanctions, even outside the regime. If the state cancels the intention of withdrawal, it may be a result of outside pressure and its calculations about the political and economic costs of withdrawal, rather than respect for rules. Again, there is a limit to the influence of institutions on states' behaviour.

(4) Discussion

Liberals' argument that institutions are so significant that they can alter states' behaviour meets criticisms by realists who regard institutions as "basically a reflection of the distribution of power in the world"; thus, "institutions have minimal influence on state behaviour".¹²¹

The first point indicates some limitations on the effectiveness of regimes. First of all, a regime cannot do anything to a state that is not a member. For example, although the nuclear tests by India and Pakistan in May 1998 had a great impact on the NPT regime, economic sanctions against them had to be conducted outside the regime because they were not members of it. Second, "[r]ules of international regimes are frequently changed, bent, or broken to meet the exigencies of the moment. They are rarely enforced automatically, and they are not self-executing".¹²² As a result, "in most international regimes a certain degree of unorthodox behaviour is tolerated and not taken

¹²⁰ Martin and Simmons, "Theories and Empirical Studies of International Institutions", p.743 (emphasis in original).

¹²¹ Mearsheimer, "The False Promise of International Institutions", p.7.

¹²² Keohane, "The Demand for International Regimes", p.147.

as a challenge to the regime".¹²³ This implies that the actor whose behaviour is unorthodox may gain more than others. Combined with the sanctioning problem, deviant behaviour by member states could undermine the very basis of the regime.

Second, which states participate in a certain regime is sometimes critical. For example, Nuclear Weapons Free Zones (NWFZ) in Latin America and the Caribbean, South Pacific, and Southeast Asia are meaningless without the ratification of the nuclear weapon states. However, the United States, in particular, has been indifferent towards NWFZs, out of fear of losing its freedom of military action. For the same reason, the US is opposed to the UNCLOS.

Thirdly, the rules tend to be more favourable to core members of the organisation and once the organisation is created, it cannot be reformed easily. The former point seems to be more true in the case of 'supply side' regimes, although manipulation of this kind has been increasingly difficult with increasing numbers of participants and transborder problems, and diversity of interest among participants. Nonetheless, the typical example of this category is the United Nations. Despite the voices arguing that the UN should be reformed to make it more efficient and to reflect the current distribution of power, it is quite inelastic. The *status quo* of 1945 has been maintained for over fifty years, and while Germany and Japan had to increase their donation to the UN as their economies developed, they are still identified as 'enemies' in the UN charter.

In addition, institutions are not always beneficial to their members. Nye and Keohane point out that if institutions provide states with something the latter need, such as goods, service, information or managerial skills, states become dependent on the institutions and that this dependence "is translated into policy most directly when certain

¹²³ Donald J. Puchala and Raymond F. Hopkins, "International Regimes: Lessons from Inductive Analysis", in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), p.89.

policies which a government might otherwise follow become prohibitively costly".¹²⁴ For example, if a state is integrated into the world economy, policy coordination with other states is inevitable; and if a state depends heavily for its capital flow and managerial skills on international economic organisations, it will refrain from adopting overly nationalist or socialist economic policies. Moreover, it is also true that too much dependence on institutions can result in 'spoiling' the recipient countries. For example, it is well known that financial and material assistance in agriculture to developing countries sometimes deprives them of the incentive for self-help. Or even if the method offered is not suitable for the state, the latter often adopts the method, for fear of losing assistance if it opposes it.

Besides, institutions cannot necessarily provide adequate measures for verification, enforcement and sanction. This is related to the problem of acceptable levels of compliance. If states have to accept rules which are thoroughly listed, states may not participate in the organisation. On the other hand, detailed rules sometimes cause states to take the view that doing anything that is not listed in the regulation is acceptable. Thus, treaty texts tend to be ambiguous, allowing all parties to interpret them in a way that is favourable for them, thus allowing them to take deviant action.

Another problem in compliance involves the capabilities of a party that has accepted the rules. It is widely known that when the Soviet Union disintegrated in 1991, most of the successor states could not carry out the obligations the Soviet Union had accepted under the START because of their lack of knowledge, skills and materials.

The severest criticism from realists involves relative gain. Grieco criticises liberals for considering only absolute gain and not concerning themselves with relative gain, because liberals regard states as completely independent actors. Liberals' view that the

¹²⁴ Joseph S. Nye, Jr. and Robert O. Keohane, "Transnational Relations and World Politics: An

greatest impediment to cooperation is cheating is mistaken: since states are positional, how to maintain their current position, or go to a higher rank in the international system is an important concern, as well as a primary concern of survival. The real problem with anarchy is not the lack of “*a central agency to enforce promises*” as liberals claim, but that “*there is no overarching authority to prevent others from using violence, or the threat of violence, to destroy or enslave them*”.¹²⁵ This is why states not only maximise absolute gain but also pursue their own greater relative gain and prevent others from securing greater relative gain. Concern about others' cheating alone does not constitute an obstacle to cooperation. Concern about relative gain must be included.

The second critical challenge by the realists to liberal institutionalism's perceptions toward cooperation involves consideration of the difference between the economic sphere and the security sphere. As Jervis points out, competition in security issues generally tends to be greater than that in the economic area; the stakes are higher in the former than in the latter, and monitoring, measuring and verification of others' defection is more difficult in the security area than in the economic area.¹²⁶ These views are also shared by some liberal institutionalists such as Axelrod and Keohane.

In economic relations, actors have to expect that their relationships will continue over an indefinite period of time; that is, the games they play with each other will be iterated. Typically, neither side in an economic interaction can eliminate the other, or change the nature of the game decisively in a single move. In security affairs, by contrast, the possibility of a successful preemptive war can sometimes be a tempting occasion for the rational timing of surprise. Another way to put this is that, in the international political economy, retaliation for defection will almost always be possible; therefore a rational player, considering defection, has to consider its probability and its potential consequences. In security affairs, it may be possible to limit or destroy the opponent's capacity for effective retaliation.¹²⁷

Introduction”, *International Organization* 25, 1971, p.339.

¹²⁵ Grieco, “Anarchy and the Limits of Cooperation”. Quotations are at p.497 and pp.497-498, respectively (emphasis in original).

¹²⁶ Jervis, “Security Regimes”, pp.358-359.

¹²⁷ Axelrod and Keohane, “Achieving Cooperation Under Anarchy”, pp.232-233.

In addition, the negative side of regimes appears to be neglected. It is true that regimes make cooperation easier to some extent, once they are formed. However, formation of regimes is, in many cases, initiated by a single 'hegemon' or by a group of great powers, and a regime's norms and rules may tend to be more favourable to these core countries than to other members. The regime for non-proliferation of nuclear weapons provides a typical example. While nuclear weapons states are obliged to make efforts at arms reduction, non-nuclear weapons states are obliged to give up the vital security option of 'going nuclear' and to accept inspections from the International Atomic Energy Agency (IAEA) for their nuclear activities. Have 'weaker' non-nuclear states obtained greater bargaining power by joining this regime? All they could do was to call collectively for progress in nuclear weapons states' obligations, and to threaten to withdraw from the regime if the progress towards arms reduction does not meet their expectations. In addition, core members of a regime often determine agenda setting. For example, since 1993 Taiwan has been asking the United Nations to discuss the question of Taiwan's re-entry to the UN as a sovereign state. However, the People's Republic of China, which can veto whatever it regards as against its national interests because it is a permanent member of the UN Security Council, has blocked this issue from being discussed in the General Assembly.

Furthermore, states' actual practices often run counter to liberal institutionalism's assumption that regimes can resolve problems caused by conflict of interests among members. For example, the United States frequently threatens to treat its trading partners, who enjoy trade surplus with the US, in accordance with its domestic law, the so-called article 'super 301', outside the GATT system which the United States originally took the initiative to form, because the US can exercise power more effectively and coercively on a bilateral basis than in a regime. If Keohane and Nye are right, the US

would not attempt to resolve its trade problems outside the regime. Thus, emphasising the usefulness of regimes, or institutions, may result in neglecting the fact that power politics is conducted behind the scenes.

Finally, institution theory ignores the factor of the political will of states. Participating in a certain organisation is a political decision. Motivations for entry may vary. A state may agree to join a regime because of the pressure from others, as in the case of Japan's acquiescence in banning the ivory trade,¹²⁸ or a state may join a regime because non-membership sometimes results in it being labelled a rogue state. The typical example of this is the NPT. India and Pakistan refused to accede to the NPT, despite the international pressure to join. They had been seen, therefore, as ambitious to develop nuclear weapons, and indeed they finally exploded nuclear devices in May 1998. On the other hand, if states which are members of a regime decide to cheat, they will surely do so and reject enforcement, hiding behind their sovereign status. Examples are North Korea and Iraq in the NPT regime.

In sum, institutions are expected to give states an incentive to cooperate, and they impose constraints on states' behaviour. States benefit from institutions by obtaining valuable information at a reasonable cost and by becoming more certain about other states' future behaviour. However, monitoring and verification of cheating are largely inadequate, and the effectiveness of sanction and enforcement is even less. Moreover, how to resolve distributional conflict remains a challenge. Nor does the rule-binding function appear to be so strong as was expected. What really matters is the states' political will, rather than rules themselves. A closer examination of liberal confidence about the significance of institutions does not necessarily support its theoretical assumptions.

Conclusion

This chapter examined three major schools of thought in International Relations theory: realism, commercial liberalism, and liberal institutionalism. These schools assume that power, economic interdependence and international institutions respectively can influence states' behaviour.

Realism asserts that states have to ensure their survival in an anarchic international system. In order to achieve this, states seek power. Since power is essentially the ability to influence others' behaviour, the more power which a state gains, the easier it is for that state to pursue its national interests. Although the costs of resolution by military power of political and economic disputes are enormously high, both politically and economically, the primary task of military power is to deter potential adversaries from attacking, and, if such an aggression does occur, to defend and survive. In this sense, military power functions as a 'last resort'. Under these conditions, relative gain (who gets more) is crucial for states. Thus, concern over relative gain makes it difficult for states to cooperate. Using the analogy of the Prisoners' Dilemma Game, each player who worries about being unilaterally exploited by another party, will choose to defect, thereby resulting in the second worst payoff. However, "nations do generally observe laws and obligations".¹²⁹ Although realists are correct when arguing that states' concerns about relative gains and survival are the most influential factors for states' behaviour, a theory explaining why states still choose a cooperative approach needs to be developed.

In this respect, liberals in general are more enthusiastic about developing a theoretical explanation for cooperation. However, whether or not this explanation is satisfactory is another question. Regarding commercial liberalism, its great efforts to

¹²⁸ Abram Chayes and Antonia Handler Chayes, "On Compliance", *International Organization* 47(2), 1993, p.200.

¹²⁹ Louis Henkin, *How Nations Behave: Law and Foreign Policy* (London: Pall Mall Press, 1968), p.45.

prove scientifically the correlation between economic interdependence and peace, using a statistical approach, leave unanswered essential questions as to what economic interdependence is and why an increase in economic interdependence affects states' behaviour, be it aggressive or cooperative. In addition, although Keohane and Nye mention that the less dependent party can exercise power easily, they do not refer to the possibility of the reverse case, that is, even a more dependent party can exploit the relationship. The greatest weak point in the 'economic interdependence-peace' argument is that it lacks consideration of the political and military structure in which economic interdependence was made possible. When states believe that their national interest (particularly their survival and/or protection of their territory) is at risk, they may be willing to resort to force, regardless of economic relations. The decision whether or not to go to war is not a matter of probability, but of political will.

Liberal institutionalism has the same problem as commercial liberalism in the sense that it ignores political factors. Many international institutions, most of which were created just after World War Two on the initiative of the United States, reflect distribution of power, as realists assert. This applies from regime formation, through establishing rules, to operation of the regime. Institutions are also far from perfect, particularly in respect of enforcement and sanction. This weakness can be attributed to institutions' weaker position vis-à-vis sovereignty. Although states' behaviour and institutions constrain each other, it is only possible because states agree to be bound by the rules. Thus, it seems that states' behaviour is not influenced by institutions to the extent expected by liberal institutionalists. Institutions are not immune from power politics.

In sum, although none of the schools has a perfect explanation for states' behaviour, realism seems to be more convincing. As was seen during the Cold War,

superpower rivalry created two blocs between which trade was restricted. Another example is that a debate over whether or not to grant Most-Favoured-Nation (MFN) status to China originated in the fact that China's political ideology and system did not satisfy the prerequisite (free emigration) for obtaining permanent MFN status from the United States. Further evidence is that Moscow has refrained from selling its most advanced weapons to Beijing since the latter started importing Russian weapons since the early 1990s despite the fact that their relations have come close enough to become 'strategic partners' since 1997. All these cases show that political and security concerns are placed higher than consideration of trading relations. Thus, the realists' argument that political and military relations largely determine the extent of trade better explains states' behaviour than arguments by advocates of commercial liberalism. Arguments by liberal institutionalists are not convincing either, because states tend to influence institutions more than vice versa. States' behaviour is generally based more on realist thinking than liberal thinking. A major change in the balance of power and security environment generally leads to an overall review of a state's national interests, objectives and goals while a change in economic relations and institutions may alter a part of economic policies and foreign policies. Since economic and foreign policies are adjusted in accordance with a state's national objectives and goals, the impact on the latter is greater than the former. Thus, it is concluded that the impact of the balance of power factor is greater than that of economic interdependence and international institutions.

Chapter 2

International Factors Affecting China's Behaviour**Introduction**

Chapter 1 introduced a debate between realism and liberalism (commercial liberalism and liberal institutionalism) over what influences states' behaviour. Realists argue that a state's seeking for survival in an anarchic international system is influenced by power relations vis-à-vis other states. Supporters of commercial liberalism not only assert that economic interdependence has the effect of making states more peaceful, but have also tried to prove the positive correlation between economic factors and peace based on statistical methods. Liberal institutionalists argue that rules and norms established in institutions will restrict states' behaviour, thereby making the latter less selfish. It was pointed out, however, that even the more dependent party can sometimes use interdependent relations as a power resource and that rules and norms in institutions are usually a product of power politics among member states; that is, stronger countries' values tend to be reflected in forming rules and norms. Thus, neither commercial liberalism nor liberal institutionalism can be free from power relations among the states concerned.

This chapter applies this debate to China in order to examine which factor among balance of power, economic interdependence and international institutions is better able to explain China's international behaviour. It demonstrates that China's dependency on the US market worked as a constraint on China's pursuit of obtaining MFN status from Washington. However, Beijing has also learnt that it can use the interests of US-owned multinational corporations as a tool to exert pressure on the US government's policy-making in its favour. In this sense, economic interdependence has worked as both a constraint and a power resource for Beijing. It also shows that not only is China skilful in maximising its benefits while minimising the costs (for example, various obligations to

achieve the goals set by the institutions), but also that it has engaged in power politics whenever it had a chance to do so. Thus, it argues that China's observed international behaviour supports a realist position.

1. The balance of power

The People's Republic of China's (PRC's) history can be divided into two periods: one inward-looking during the Mao era, and one outgoing after the introduction of the open-door policy of 1979. Despite this difference, the Beijing government's international behaviour has primarily been based on assessments of China's geopolitical setting vis-à-vis the superpowers. When dealing with its Southeast Asian neighbours, China applied a patron-client formula (that is, which of the superpowers is the patron for a particular state) until the late 1980s.

Just after the PRC was established in October 1949, the Beijing government decided to join the Soviet bloc. One of the main reasons for this was that mainland China and the Soviet Union had a common political goal, namely building a socialist country. Besides ideological difference between Beijing and Washington, the former had an important reason to antagonise the latter due to Washington's political support for Kuomintang (KMT), which had retreated to Taiwan, as a legitimate government representing China. As a result, the mainland's international behaviour was largely based on the geopolitical structure of a Beijing-Moscow axis versus Washington under the Cold War structure. Thus, United States' wars with North Korea and North Vietnam were perceived by Mao as serious security threats to China, although these wars were fought beyond Chinese borders. This perception led Mao to support Pyongyang (in 1950) and Hanoi (1964-65).

The fact that China's relations with the Soviet Union had deteriorated seriously following Khrushchev's criticism of Stalin in 1956 and of China's Great Leap Forward (1958-1960), finally surfaced in 1960. Around this time, Beijing started to criticise Moscow explicitly. However, the conflict between them was ideological, and was not perceived by Mao as a security threat. Thus, the United States remained China's primary security threat. After the split with Moscow, the Beijing government began to seek a position as leader of the Third World. China started to donate aid to nations which Beijing believed were struggling for revolution, among the seventeen states which had recognised the PRC between mid-1960 and the end of 1964.¹ Eventually, two events led to a breakdown in relations between Beijing and Moscow: the Soviets' invasion of Czechoslovakia (1968) and the subsequent Brezhnev Doctrine of 'limited sovereignty', and the Sino-Soviet border war (1969). The last event led to the Soviet Union replacing the United States as Beijing's primary perceived military threat, though Washington was still perceived as a threat. Consequently, the Chinese leaders had to face two military threats.

What was lucky for the PRC was that Washington, which had been seeking to withdraw from Vietnam, took the initiative for rapprochement with Beijing. This was realised by US President Nixon's surprise visit to China in 1971. The improved relations with the United States benefited China in the security sphere in two ways. One was that China could remove the threats from the US, particularly in Indo-China. The other was that Beijing could form a united front with Washington to encounter, or at least deter, the Soviet military threat. This not only improved China's security environment but also gave Beijing a strategic importance for both the United States and the Soviet Union, and made it one pole of a strategic triangle.

¹ Ross Terrill, *Mao: A Biography*, Revised and expanded edition (Stanford: Stanford University Press,

In addition, Beijing's take-over of China's permanent UN Security Council seat from Taiwan in 1971 enabled China to join various international institutions. What was important for Beijing was that it obtained not only 'Perm Five' status but also veto power over UN General Assembly resolutions. This veto power allowed China's position on a particular issue to influence decision-making in the United Nations, enabling it to use diplomacy at the UN to conduct power politics vis-à-vis its adversaries. China's blocking of Taiwan's bid to re-assume UN membership since 1993 is an example.

The end of the Cold War in 1991 removed the long-standing Soviet threat. However, it also stripped Beijing of its strategic importance vis-à-vis the superpowers. Although the United States had been an important trading partner and a source of technology transfer, Washington's taking the initiative to impose economic sanctions after the Tiananmen Square massacre in 1989 and its efforts to spread liberal democracy throughout the world was an interventionist policy in Chinese eyes, particularly in such areas as human rights, democracy and political and economic reform. Eventually China came to view the United States, the sole superpower, as a threat again during the 1990s. The American threat led China to turn to Russia, in an attempt to create a counter-balance against the United States. Russia also felt the American threat² and was seeking a chance to transform the international system from unipolarity to multipolarity, with Russia constituting one pole. In 1997, Beijing and Moscow declared their relationship as one between 'strategic partners'. This is a typical example that a unipolar world is not welcomed by other major powers. The very existence of a dominant power, regardless of

1999), p.316.

² Like China, Russia had mixed feelings towards the United States. Economically, it had to depend for its economic development on US and Western European states. However, NATO expanded eastward, which Russia strongly opposed. In addition, NATO's bombardment against Serbia was conducted against Russia's will in 1999. Moreover, Washington has been pursuing the TMD project, which requires the abandonment of the ABM Treaty between Moscow and Washington in 1972 and which Moscow (and Beijing) has also strongly opposed. What frustrated Russia was that it was no longer as

its nature (benign or not), inevitably leads other great powers to form a balance. in an attempt to transform unipolarity into multipolarity.

Regarding its Southeast Asian neighbours, during the Cold War China applied a patron-client formula. In general, when Beijing regarded Washington as the primary enemy, the Chinese leaders also viewed the United States' allies and friends in the region as adversaries. This was partly due to Beijing's sense of encirclement, strengthened by the formation of the Southeast Asia Treaty Organisation (SEATO) in 1954³, following US bilateral treaties with Japan and the Philippines in 1951. Conversely, when Beijing's relations with Washington improved, the former's relations with US allies and friends also improved accordingly. In the case of the Cambodian conflict, which started with Vietnam's invasion of Cambodia in 1979, China formed a diplomatic united front against Vietnam with the ASEAN states and the United States. Although Beijing's relations with Hanoi had been in decline since Vietnam's reunification in 1975,⁴ and Vietnam's overthrow of the Khmer Rouge regime, which Beijing had supported, upset China, the fact that Vietnam was a close ally of the Soviet Union also increased Beijing's hatred towards Hanoi.

If China had maintained its adherence to applying the patron-client formula to the ASEAN states after the Cold War, Beijing's relations with them would have deteriorated

politically influential as it used to be. Nor could it make a credible threat, in the cases of NATO expansion and NATO's Kosovo operations.

³ SEATO is a military structure which consists of Australia, Britain, France, New Zealand, Pakistan, the Philippines, Thailand and the United States. However, it did not function as had been expected to do, nor was it successful in attracting other Asian members who began to form 'non-alignment'. It was disbanded in June 1977. However, since it was not revoked, the Philippines and Thailand remain signatories. See Michael Yahuda, *The International Politics of the Asia-Pacific, 1945-1995* (London and New York: Routledge, 1996), pp.50-51.

⁴ Sino-Vietnam relations rapidly deteriorated after Vietnam reunified in 1975. The major reason is considered as change in Vietnam's position towards China's claim over the South China Sea. Before the 1974 Paracel battle, which was fought between South Vietnam and China, North Vietnam supported China's claim. However, not only Vietnam claimed its sovereignty over the whole South China Sea reversing its previous position, but also made efforts to seize as many islands, reefs and other features in the Spratlys as possible. For the detail, see Chapter 5.

in accordance with its relations with Washington for several reasons. First of all, the value of ASEAN as an ally to counter Vietnam was diminished with the resolution of the Cambodian conflict. Second, this resolution led to improved relations between Beijing and Hanoi. In addition, China's relations with the United States were unstable, tending gradually towards antagonism. Nevertheless, none of the ASEAN states' relations with China had significantly deteriorated. China even agreed with Vietnam and the Philippines, which have explicit territorial disputes with Beijing, not to allow the disputes to have a negative impact on overall relations. This is evidence that China abandoned the patron-client formula in relation to Southeast Asian states in the post-Cold War era.

China had reasons to maintain good relations with Southeast Asian states after the end of the Cold War. First of all, the PRC needs a peaceful environment in which it can concentrate on economic development. Second, Southeast Asian states have increasingly been important as China's trading partners. Although the volume of trade between China and the ASEAN states is still small (less than 10% of China's total trade), interdependence between them has accelerated through most ASEAN states' investment in China since the 1990s, though the amount is small. Thirdly, Beijing and some ASEAN governments (for example, Singapore and Malaysia) share a common position on such issues as human rights and democracy. In addition, ASEAN has attempted to form a more cooperative economic entity in East Asia composed of the 10 ASEAN members and three others (China, Japan and South Korea), excluding the United States, Australia and New Zealand. While China fears that this attempt might lead to a creation of a Japanese-dominated 'Yen bloc', China knows that its opposition to such a development will be respected in the region, particularly by Japan. Rather, Beijing sees the ASEAN initiative as serving China's desire to undermine US domination in the economic sphere. The last, but the most important, point concerning ASEAN's value to China is that

ASEAN has not been able to establish a coherent China policy, due to the varying attitudes of its members towards China. This means that Beijing will have more opportunities to exploit ASEAN disarray over the Spratlys. In addition, it is likely that ASEAN would stay neutral if serious political confrontation, let alone military confrontation, arose between Beijing and Washington, as seen in the case of EP-3 'spy plane' incident in April 2001. This means that China may be able to undermine the United States' efforts to resolve the confrontation in its favour, because US military actions may require access to facilities in the Asian states (ports, airports, military bases and hospitals) and cooperation (such as replenishment of fuel and repair of aircraft and ships).

However, the ASEAN states' importance to China has not restrained the latter from being aggressive vis-à-vis the former in the South China Sea. For example, China constructed 'fishermen's shelters' on Mischief Reef (claimed by the Philippines) in 1995 and resumed construction in 1998/99. This can be seen as a typical example of Beijing's conducting power politics based on geopolitical calculations. The Philippines is one of the weakest military powers among the ASEAN states. In addition, US forces withdrew from Subic Bay in the Philippines in 1992. Thus, China calculates that the Philippines' protests will not go beyond the diplomatic sphere, and that the United States will not intervene on behalf of the Philippines. Beijing miscalculated to some extent that ASEAN formed a united diplomatic front against China after the first Mischief Reef incident, and forced China to agree to discuss the Spratly disputes at various ASEAN-China Meetings during 1995. This compromise by Beijing demonstrated that ASEAN solidarity has a diplomatic weight which China could not afford to ignore. Conversely, if the ASEAN states are in disarray, there is room for China to conduct power politics without facing a serious protest. The PRC's resumption of the structure in Mischief Reef in 1998/99 is an

example. By that time, most of the ASEAN states were preoccupied with the consequences of the financial crisis of 1997-98, and they were grateful to China for refraining from devaluing its currency. In these circumstances, ASEAN was unwilling to form a diplomatic front which might upset Beijing. The Chinese leaders knew ASEAN's psyche. These cases demonstrate that China's international behaviour is essentially based on balance-of-power calculations.

2. Economic interdependence

The previous section examined the extent to which China's international behaviour is affected by balance-of-power considerations, and showed that these have been influential. However, under the conditions that economic interdependence has been deepening and that states participate in various international institutions, states are also clearly affected by economic relations and institutions' rules and norms. This section examines how economic interdependence influences China's international behaviour. It demonstrates that economic interdependence works both as a constraint and as a power resource for China.

1) China's attitude towards interdependence

The experience of a 'century of humiliation' seems to have exerted crucial influence on Chinese perceptions of the concept of 'interdependence'. In the process of being semi-colonised by major powers such as the United Kingdom, Germany, Portugal and Japan, China learnt some bitter lessons. First of all, cultural superiority and higher morality do not serve as a significant force to defend the motherland in the face of a superior military force. Second, economic backwardness led to military weakness, which allowed foreigners to exploit China. Thus, it is very important, in Beijing's view, to achieve economic and military strength capable of defending China's core values such as

sovereignty, territorial integrity, independence and self-reliance. The corollary of this idea is that dependence and/or interdependence, as an opposite concept to independence, implies foreign political, economic and cultural interference, which makes Chinese leaders nervous.⁵

However, the pursuit of the two objectives (to strengthen national power both militarily and economically while maintaining self-reliance) generated a dilemma, because if China focused on self-reliance, rapid economic growth would be difficult to achieve, but if China gave priority to economic development through contact with the outside world, foreign political and cultural influence as well as economic influence were more or less inevitable. In fact, China swung between the two extremes. Until the deterioration in relations with the Soviet Union in the early 1960s, China depended for its trade and economic, technological and military assistance on the Soviet Union. After the divorce from the Soviet Union, China pursued self-reliance. This further worsened the economic situation, causing hundreds of thousands to starve to death. In addition, the Cultural Revolution and its aftermath between 1966-76, when the mainland was largely isolated from international society, brought the country to an economic and social disaster. The Maoist era proved that self-reliance did not work as expected. After reviewing Mao's policy, Deng pursued another course, introducing the 'open door policy'. Although he acknowledged the nuisance of 'the flies and insects' which refers to the capitalist and Western influence, economic interdependence was encouraged. Deng was not without critics, however, because his rivals asserted that "Deng's policies would make China 'a market where imperialist countries dump their goods, a raw material base, a repair and assembly workshop, and an investment center', placing China in a position of permanent

⁵ Michael Yahuda, "How Much China Learned about Interdependence?", in David S.G. Goodman and Gerald Segal (eds.), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), p.8.

backwardness and dependency on the West”.⁶ Deng's initial encouragement of deepening economic interdependence was toned down after the campaign against 'spiritual pollution' and 'bourgeois liberalisation' in the early 1980s. The OECD states' economic sanctions caused by the Tiananmen massacre led the Chinese leaders to provoke anti-Western sentiment and indoctrinate their citizens about the threat of 'peaceful evolution'. These actions were not only responses to the sanctions but also a necessary measure for the Chinese Communist Party (CCP) regime to stay in power because communist regimes in Eastern Europe had been collapsing.

This anti-Western nationalism did not cause Beijing to resume a self-reliant policy, however, because China was by the 1990s too integrated into the world economy in terms of trade, investment and loans, and too used to the taste of wealth, to go back to isolation. Deng's southern trip in 1992⁷ reconfirmed that the open-door policy would not be reversed. Thus, all China could do was to keep its door open to the outside world while attempting to minimise the political implications of domestic reform (namely, any loss of power by the CCP resulting from the political reform which could be the consequence of financial and legal reforms). Even when it was clear that interdependence was not only beneficial but also no longer avoidable, some Chinese decision-makers continued to hold the idea that deepening interdependence would place China in a vulnerable and compromising position. Evidence of this was seen in the domestic criticism of Premier Zhu Rongji, who in April 1999 returned to China without being able

⁶ Andrew J. Nathan and Robert Ross, *The Great Wall and the Empty Fortress: China's Search for Security* (New York and London: W.W. Norton & Company, 1997), p.161.

⁷ Deng went to southern China to examine the extent to which the region had developed by the open-door policy. This trip contributed to suppressing the conservatives, thereby giving the reformists an opportunity to proceed the policy further.

to secure American support for China's entry to WTO, despite offering major concessions which his critics described as 'the give-away of the century'.⁸

In sum, as long as the Communist regime depends for its legitimacy on high economic performance, China does not have any better alternative than maintaining an open door policy. Thus, the issue here is how to achieve rapid economic growth while controlling political reform and securing the CCP's rule. In order to achieve these objectives, China needs to be careful to secure the greatest gain from economic interdependence (trade, loans, and foreign direct investment [FDI]), while avoiding, as much as possible, being bound by obligations deriving from international agreements which might stimulate major political reform at home. In other words, China has pursued what Samuel Kim calls the 'maxi/mini principle'.⁹

2) The degree of China's interdependence

To what extent, then, is China interdependent? Her economy has been gradually integrated into the world economy. In 1980, its ranking in world trade was 26th and its share of world export was 0.9%. These figures shifted to 17th and 1.4% in 1985, 15th and 1.8% in 1990, 11th and 2.9% in 1996 and 9th and 3.4% in 1999.¹⁰

⁸ Tom Plate, "Beijing's Reform Movement in Peril", *Los Angeles Times*, 12 May 1999, available at <http://taiwansecurity.org/News/LAT-990512.htm>. China's concessions included "opening the telecoms industry to foreign ownership, allowing foreign banks to conduct business in renminbi by 2005, and lowering tariffs on key imports such as cars. Zhu also offered to eliminate all import tariffs on information-technology products by 2005 and allow foreign insurers to gradually enter health, pension and other forms of insurance business – areas that represent almost 85% of total insurance premiums in China". However, some of the key offers "including allowing foreigners to hold majority stakes in companies in the telecoms, banking and insurance industries" were withdrawn even before the NATO's May 7 bombing of Chinese embassy in Belgrade. Trish Saywell, "Shades of Grey", *Far Eastern Economic Review*, 20 May 1999, available at http://www.feer.com/Restricted/index_bl.html.

⁹ Samuel S. Kim, *China In and Out of the Changing World Order*, Center of International Studies, World Order Studies Program Occasional Paper No.21 (Princeton: Princeton University Press, 1991), p.25.

¹⁰ For 1980, 1985, 1990 and 1996 figures, see 'China's Export Share and Ranking in World Total Exports, 1980-1996', in The Editorial Board of the Almanac of China's Foreign Economic Relations and Trade, *Almanac of China's Foreign Economic Relations and Trade 1997/98* (Beijing: China National Economy Publishing House Economic Information and Agency, 1997), p.456. For 1999 figures, see "China Keeps Climbing Export/Import Ladder", *Asia Times*, 11 April 2001, available at <http://www.atimes.com/china/CD11Ad03.html>.

The degree of economic interdependence, or openness, is usually measured by the ratio of imports plus exports to gross national product (foreign trade ratio). China's openness rose from 17 percent in 1979 to 38 percent in 1994, 40.2 percent in 1995 and 43.9 percent in 2000.¹¹ For comparison, the United States' foreign trade ratio was 19.4 percent in 1995, 19.6 percent in 1996, and 20.3 percent in 1997 while Japan's openness was 14.5 percent in 1994, 15.3 percent in 1995 and 16.7 percent in 1996.¹² Thus, China appears more dependent on trade than the United States and Japan do.

However, measuring China's openness in terms of the dollar is not easy because of the fact that the official exchange rates tend to "understate the purchasing power of the domestic currency".¹³ After adjustment to take account of purchasing power, China's openness at the end of the 1980s was estimated at around 10 percent.¹⁴ Comparing China's openness in terms of purchasing power with that of the United States and Japan, China does not necessarily depend more on trade than the US and Japan do.

Developed countries (Japan, the United States and members of the European Union, or EU) have played significant roles as China's trading partners since the introduction of the open-door policy. Although low figures for developed countries' share of trade with China at the beginning of the 1990s are considered to be a reflection of the impact of the Tiananmen Square massacre, these states' shares gradually

¹¹ For 1979 and 1994 figures, see Nathan and Ross, *The Great Wall and the Empty Fortress*, p.175. For 1995 and 2000 figures, see "China's Foreign Trade Keeps Growing", *People's Daily*, 4 March 2001, available at <http://www.english.peopledaily.com.cn/20010304/eng20010304-64005.html>.

¹² This author's calculation from the following sources: United Nations, *Statistical Yearbook* (New York, 2000), Table 23 Expenditure on gross domestic product at current prices, p.187 and p.191; Table 25 Relationship between the principal national accounting aggregates, p.208 and p.212; Table 74 Total imports and exports, p.680 and p.692; and Table 81 Exchange rates (national currency per US dollar), period average, p.814.

¹³ Christopher Findley and Andrew Watson, "Economic Growth and Trade Dependency in China", in David S.G. Goodman and Gerald Segal (eds.), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), p.110.

¹⁴ Ibid.; and Nathan and Ross, *The Great Wall and the Empty Fortress*, p.176. Lardy estimates that China's openness in 1990 was just over 9 percent. See Nicholas R. Lardy, *China in the World Economy* (Washington D.C.: Institute for International Economics, 1994), p.18.

recovered by 1993, when they amounted to nearly half of China's total trade (Table 2-1). By the late 1990s, however, China traded more with East Asian states and economies than the developed countries. In 1997, China's trade with Japan (18.7%), ASEAN (7.7%), South Korea (7.4%), and Hong Kong (15.6%) totalled 49.4%, surpassing that with the developed countries (47.8%). Although the Asian economic crisis caused a decline in the mainland's trade with East Asian states, Asia remained an important market. According to *China Daily*, "Asia continued to be China's largest export market in 1999, ... totaling US\$102.6 billion ... Japan was China's top trade partner. Receipts from bilateral trade grew by 14.2 percent to US\$66.2 billion. The United States and the

Table 2-1 Major trading partners' share of total trade with PRC (exports and imports combined) (%)

	1988 ^a	1989 ^a	1990 ^a	1991 ^a	1992 ^a	1993 ^a
US	9.7	11.0	10.2	10.5	10.5	14.1
W.Europe	14.1	14.3	13.9	12.8	11.9	15.2
Japan	18.6	17.0	14.4	14.9	15.2	20.0
ASEAN	6.0	6.3	6.2	6.6	5.4	6.0
Hong Kong	29.4	31.3	35.7	36.6	34.7	16.7
S.Korea	na	na	0.6	2.4	3.0	4.2
US/Europe/J	42.4	42.3	38.5	38.2	37.6	49.3
East Asia	54.0	54.3	56.9	60.5	58.3	46.9
	1994 ^a	1995 ^a	1996 ^a	1997 ^a	1998 ^b	1999 ^c
US	15.0	14.5	14.8	15.1	20.7	17.0
W.Europe	15.1	15.0	14.4	14.0	15.3	15.4
Japan	20.2	20.5	20.7	18.7	16.2	18.3
ASEAN	6.1	7.3	7.3	7.7	5.9	na
Hong Kong	17.7	15.7	14.6	15.6	na	na
S.Korea	4.9	6.0	6.9	7.4	na	na
US/Europe/J	50.3	50.0	49.9	47.8	52.2	50.7
East Asia	48.9	49.7	49.5	49.4	53.0	na

^a Calculated from the following source: *The United Nations, Statistical Yearbook for Asia and Pacific 1999* (New York: United Nations 2000), pp.118-120

^b China-Britain Business Council, *Doing business in China*, p.110

^c Calculated from the following source: Zhang Yan, "Exports, Imports Boomed Last Year", *China Daily* 14 January, 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/01/d1-1tra.114.html>

Note: Japan is counted twice, because Japan is both an east Asian nation and a developed country.

European Union followed Japan, with two-way trade volumes of US\$61.5 billion and US\$55.7 billion.”¹⁵ China's exports soared in 2000 compared to those in 1999: 29 percent growth with the United States, 34 percent growth with Japan, 29 percent growth with Hong Kong, 31 percent growth with Taiwan, 47 percent growth with ASEAN and 34 percent growth with the EU.¹⁶ Imports also grew by 38.7 percent¹⁷ and China imported \$41.5 billion worth of goods from Japan, a 22.9 percent increase compared with 1999.¹⁸ Although Japan has been entrapped in the worst recession since World War Two, it was China's leading trade partner during the 1990s, except for 1998. Thus, Beijing is most interdependent with Japan in terms of trade.

However, China's economy cannot be seen only in terms of trade. It is also necessary to look at capital inflow (foreign direct investment and loans) which is the essential ingredient necessary if China is to continue boosting its exports. Regarding loans, China received a total of US\$25 billion by mid 2000,¹⁹ and is the World Bank's biggest client. China has also been the single largest recipient of donor governments' official development assistance (ODA) since the early 1990s, far outstripping other big recipients such as India and Indonesia.²⁰ Regarding foreign investment, capital inflow from all sources in 1983 was US\$1 billion, which tripled to \$3.5 billion in 1990 and grew rapidly to \$45.3 billion in 1997, \$45.4 billion in 1998, \$39.5 billion in 1999 and \$43.52

¹⁵ Zhan Yan, "Exports, Imports Boomed Last Year", *China Daily*, 14 January 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/01/d1-1tra.114.html>.

¹⁶ "Country Economic Review: People's Republic of China", *Asia Times*, 23 December 2000, available at <http://www.atimes.com/reports/BL23Ai01.html>.

¹⁷ Ibid.

¹⁸ "China's Imports Up Remarkably", *China Web*, 12 January 2001, available at http://www.chinaweb.com/english/cw_html/economy/latestnews/BJ16812.html.

¹⁹ Antoaneta Bezlova, "World Bank Upsets Its Biggest Customer", *Asia Times*, 21 July 2000, available at <http://www.atimes.com/china/BG21Ad02.html>.

²⁰ In 1995, China received US\$3498.8 million in total while India received \$1772.6 million and Indonesia received \$1404.6 million. The figures for 1996 were \$2599.2 million, \$1947.7 million and \$1134.0 million respectively, while those for 1997 were \$2069.6 million, \$1696.2 million and \$840.4

billion for the first 10 months of 2000.²¹ China was the second largest recipient of FDI from 1993 to 1997, behind only the United States.²² Among developed countries Japan is the largest single source of investment in China.²³ Judging from these figures, it can be concluded that 1) China's trade dependency is lower than that of the United States and Japan, and 2) the mainland depends most heavily on Japan for trade, foreign investment and bilateral loans, and on the United States for multilateral loans through international financial organisations such as the World Bank and the IMF where Washington is the dominant power.

What should not be forgotten about economic interdependence is that countries are more connected with each other in the financial area than in trade. As the Asian financial crisis of 1997-98 demonstrated, the financial instability in Thailand rapidly spread to other regional states such as Indonesia, Taiwan and South Korea, because there are virtually no borders in the financial sphere. Thus, commercial liberals' argument that trade is the major parameter to measure economic interdependence is not fully supported.

million respectively. See United Nations, *Statistical Yearbook*, Table 83 'Disbursements to individual recipients of bilateral and multilateral official development assistance', p.838.

²¹ Data for 1983 was drawn from Nicholas R. Lardy, "Is China a "Closed" Economy?", Prepared Statement for a Public Hearing of the United States Trade Deficit Review Commission, 24 February 2000, available at <http://www.brookings.edu/views/testimony/lardy/20000224.htm>, for 1990-1999 from Tay Hong Seng, "Slow Growth Seen in China FDI Despite Entry into WTO", *Business Times*, 28 September 2000, available at <http://business-times.asia1.com.sg/4/news/nwrl09.html>, and for 2000 from "Investment Pledges Soar to US\$43b", *South China Morning Post*, 15 November 2000, available at http://www.scmp.com/News/Business/Article/FullText_asp_ArticleID-20001115005045096.asp, respectively.

²² Lardy, "Is China a "Closed" Economy?"

²³ For example, capital inflow in China in 1996 amounted to US\$54.8 billion (loans and FDI combined). Japan contributed \$6.1 billion (\$2.4 billion and \$3.7 billion), the United States to \$5.0 billion (\$1.6 billion and \$3.4 billion), Germany \$1.1 billion (\$0.6 billion and \$0.5 billion), and the United Kingdom \$1.4 billion (\$0.1 billion and \$1.3 billion), respectively. See The Editorial Board of the Almanac of China's Foreign Economic Relations and Trade, *Almanac of China's Foreign Economic Relations and Trade 1997/98*, 'Statement of China's utilized amount of foreign capital, 1996 by country (region)', pp.686-689.

3) What has China learnt from economic interdependence: is it a constraint or a power resource?

It is argued in the International Relations theory that asymmetrical interdependence serves as a source of power.²⁴ This means that the less dependent party can more easily use interdependent relations as a lever to exert power vis-à-vis the more dependent party. If this is the case, it can be assumed that China, being more dependent on the developed countries in its economic development than vice versa, has constantly to make concessions. Indeed, China has made a series of concessions since introducing its open-door policy in 1978. However, this is not the whole story. China has also learnt that it can draw concessions from the developed countries in pursuing its own national interests, by taking advantage of their commercial interest in penetrating the potentially huge Chinese market.

This section examines the extent to which this formula (that the less dependent party is more likely to use interdependent relations as leverage in power politics) is correct, by focusing on two cases, namely the Tiananmen Square massacre and China's pursuit of MFN status with the United States. These cases will illustrate several points. First, economic relations are not separable from political relations, which largely determine the nature and extent of economic relations. Second, Beijing has learnt much about interdependence in the senses that China recognised the necessity to adjust its policy and related laws in order to meet international standards, and that it was effectively able to gain political benefit from interdependence, although it is the more dependent party. It is concluded that interdependent relations can work both as constraint and as political leverage, and how they work depends largely on the relative power relations between the parties.

²⁴ Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence*, 2nd ed. (London: HarperCollins, 1989), p.11.

(1) The impact of the Tiananmen Square massacre

The Tiananmen Square massacre shocked the world. On 5 June 1989, the day after the massacre, President Bush responded to China's use of force against unarmed demonstrators by announcing the United States' plan to take the following actions: suspension of all government-to-government military sales and commercial exports of military materials; suspension of exchange visits by U.S. and Chinese military personnel; extension of assistance to the Red Cross for its work in China; sympathetic review of requests by Chinese students studying in the United States to extend their stay; and a review of other U.S.-China programs and activities.²⁵ Most of the nations of the OECD followed suit. Sanctions included bans on the transfer of high technology, and on governmental loans. The World Bank suspended loans because of the OECD nations' objections.

Regarding China's exports, there seems to have been no negative impact, since their value expanded from \$47.5 billion in 1988 to \$52.5 billion in 1989, \$62.1 billion in 1990 and \$71.7 billion in 1991 (Table 2-2). The amount of FDI in China grew more slowly during the sanction period (the latter half of 1989 and the first half of 1990); however, there was certainly no reduction in new FDI. The FDI figures from 1988 to 1991 were \$3739 million, \$3773 million, \$3755 million and \$4666 million respectively. However, the response to the Tiananmen massacre varied from state to state. Investment from the United States, the strongest accuser, sharply dropped. As the fact that China's credit rating went down indicates, US investors refrained from investing in China, partly due to political instability and partly due to uncertainty about Beijing's will to maintain its 'open-door' policy. US investment, \$645 million in 1989, plummeted to \$366 million

²⁵ John R. Faust and Judith F. Kornberg, *China in World Politics* (Boulder and London: Lynne Rienner Publishers, 1995), pp.140-141.

Table 2-2 China's export and the FDI

	Export (\$billion) ^a	Actual FDI (\$million) ^b	Japanese FDI (\$million)	US FDI (\$million) ^c
1988	47.5	3739	276	384
1989	52.5	3773	440	645
1990	62.1	3755	457	366
1991	71.7	4666	812	548

^a : Nicholas R. Lardy, "The Role of Foreign Trade and Investment in China's Economic Transformation", *China Quarterly* 144, 1995, p.1076 Table 7 Chinese exports, 1978-94 (Original sources : State Statistical Bureau, *Zhongguo tongji wanjian 1993* (Chinese Statistical year Book 1993) (Beijing : State Statistical Publishing House, 1993), p.634; "Wo waimao jinchulou zaichuang jiaji" ("China's foreign trade again achieves fine results"), *Renmin ribao* 14 January 1995, p.1)

^b :Ibid., p.1066 Table 1 Foreign direct investment in China, 1979-94 (Original sources : Ministry of Foreign Trade and Economic Relations, *Zhonghua renmin gonghahuo duiwai jingjimayibu xinwen gongbao* (*The Bulletin of Ministry of Foreign Trade and Economic Relation of the People's Republic of China*), No.2 (25 April, 1994), p.10; Xinhua News Service "Zhongguo qunian liyong waizi 337 yi duo mieyuan" ("Last year China's utilized foreign direct investment exceeded US\$33.7 billion"), *Jinrong Shibao* (Banking times), 26 January 1995, p.1)

^c : Yabuki, Susumu, *China's New Political Economy : The Giant Awakes* (Boulder : Westview Press, 1995), p.172 Table 16.2 Comparison of U.S. and Japanese direct investment in China (1979-1992) (Original source : Chinese Ministry of Foreign Economic Relation and Trade)

in 1990, and recovered to \$548 million in 1991. On the other hand Japan, which was China's largest single supplier of foreign capital inflow and was quite slow in responding to the massacre compared to other OECD members, showed no negative reaction; indeed, it increased its FDI from \$276 million in 1988 to \$440 million in 1989, \$457 million in 1990 and \$812 million in 1991. Thus, the greatest impact occurred in the area of loans.

Table 2-3 shows the impact of the Tiananmen massacre on China's borrowing. The World Bank, in which the United States is the predominant power, approved no new loans to China in 1990, and by 1991, one year after Japan lifted economic sanctions, its commitment had not recovered to the level of 1988. However, disbursement was not suspended, though the amount declined. Compared with the World Bank, the International Development Association's²⁶ (IDA's) treatment was benign; it did not

²⁶ The International Development Association is a sister organisation of the World Bank, and is sometimes called the 'second World Bank'. It lends money mainly to the less developed states among the developing countries with looser conditions than the World Bank.

suspend commitment nor disbursement, though the amount of disbursement declined. Treatment by the Asian Development Bank (ADB), in which Japan is a predominant power, was quite generous. Although the number of its new loans dramatically declined, the amount of disbursement saw a sharp rise. Neither Taiwan nor United States raised a strong objection to this.²⁷

Nonetheless, China's credit rating was damaged by the massacre. This rating is determined by banks, based on a debtor country's economic and political situation, scaling from zero (for nations with the greatest risk) to 100 (for nations with most

Table 2-3 China's international borrowing and credit rating

	IBRD / IDA loans (\$million) ^a				ADB lending (\$million) ^b	
	IBRD		IDA		com.	dis.
	com.	dis.	com.	dis.		
1988	1054	640	553	557	282.9	2.71
1989	833	515	604	486	39.7	52.03
1990	0	590	591	495	50.0	55.44
1991	602	978	668	599	496.3	172.72
	Japanese bilateral annual loans (\$million) ^c				Credit rating	
	Total	ODA loans	Grants	Ex. credits		
1988	1144.11	519.9	154.7	469.5	63.3	
1989	1650.20	669.2	164.1	816.8	60.5	
1990	1705.90	538.5	201.3	966.1	51.3	
1991	872.10	423.7	194.1	254.4	53.1	

com. = commitment dis. = disbursement

^a : Nicholas R. Lardy, *China in the World Economy* (Washington D.C.: Institute for International Economics, 1994), p.51 Table 3.2 IBRD and IDA loans to China, 1981-93 (Original sources: World Bank, *Annual Report*, various years; *World Development Report* 1993, table 5.1)

^b : Ibid., p.53 Table 3.3 Asian Development Bank's lending to China (Original sources: Asian Development Bank, *Annual Report*, various years)

^c : Ibid., p.57 Table 3.5b Japan: annual bilateral disbursements, 1979-91 (Original sources: Organization for Economic Cooperation and Development, *Geographical Distribution of Financial Flows to Developing Countries*, various years)

^d : Erika Platte, "China's Foreign Debt", *Pacific Affairs* 66(4), 1993-94, p.484 (Original sources: Compile from various issues of Institutional Investor (annual figures refer to the month of September))

²⁷ Guocang Huan, "China's Foreign Economic Relations", *Annals of the American Academy of Political and Social Science* 519, 1992, p.181.

successful economic development and political stability).²⁸ As **Table 2-3** demonstrates, China's rating dropped more than 10 points from 63.3 in 1988 to 51.3 in 1990. This shift clearly shows bankers' concern about China's future economic reform policy after the political unrest. As a result, not only did China's commercial borrowing decline, but also most international banks either suspended loans to China's local authorities and enterprises without the central government's guarantee, or raised their interest rates.²⁹

Regarding bilateral relations, Japan supported China well. At the G7 Houston summit in July 1990, it stated its intention of lifting its sanctions and resumed immediately its \$5.2 billion loan to China.³⁰ Although the level of Japan's ODA to China dropped in 1990, the total amount of loans never fell, supplemented as they were by other elements including export credit (**Table 2-3**). The sharp increase in export credit partly compensated for China's loss in terms of loans, which it would otherwise have borrowed from the international lending organisations and commercial banks. The general decline in 1991 was caused by Japan's relatively high interest rates as a result of other OECD nations' entry into recession in the early 1990s.

These figures imply that the massacre's economic impact on China was minimal. However, what seems more important is the political factor which brought this outcome; namely, the need of both Beijing and Washington to mend their relations with each other. On the Chinese side, Beijing adopted a policy of counter-sanction towards the United States³¹ and, at the same time, employed an 'independence from the US' policy. In order to demonstrate that Beijing was not totally isolated, it accelerated its efforts to

²⁸ Erika Platte, "China's Foreign Debt", *Pacific Affairs* 66(4), 1993-94, p.487.

²⁹ Huan, "China's Foreign Economic Relations", p.185.

³⁰ *Ibid.*, p.186.

³¹ It included jamming several frequencies of the Voice of America (VOA), suspending the Fulbright exchange programme, shelving plans to receive Peace Corps volunteers, and reducing imports of American goods.

strengthen diplomatic ties with the Third World countries and hard-line Communist states such as North Korea, Rumania and Bulgaria, and it was also successful in establishing or resuming diplomatic relations with Southeast Asian countries (Indonesia, Singapore and Brunei) and Saudi Arabia.

However, China soon found the limitations of this policy:

The revolutions in Eastern Europe virtually eliminated the possibility of re-creating a global Communist bloc. The Soviet Union's continued rapprochement with the United States and mounting internal problems made it an unreliable partner for a renewed alignment with China. The Third World had little to contribute to China's drive for economic modernization. Finally, the developed Western countries, despite some differences of perspective, remained remarkably united on the issue of sanctions against China.³²

As a result, the more moderate idea that stable Sino-American relations are imperative in order to achieve 'comprehensive national power' began to gain support among Chinese leaders.

By December 1989, China was willing to make concessions to normalise relations with the US, due to the failure of its independent foreign policy and increasing support within the foreign policy elite in Beijing for stable China-US relations. Concessions included releasing some political dissidents after the Tiananmen Square massacre, lifting martial law in Beijing and making special efforts to increase imports of American goods.

On the US side, Washington sought direct talks with China, which the Bush government believed could be more influential than imposing sanctions without talking. President Bush sent secret diplomatic missions to Beijing in July and December 1989.³³ In return for Chinese concessions, the US promised to ease some of the economic sanctions such as the blocking of Export-Import Bank trade financing and World Bank

³² Harry Harding, "China's American Dilemma", *Annals of the American Academy of Political and Social Science* 519, 1992, p.19.

³³ Faust and Kornberg, *China in World Politics*, p.141.

loans for China.³⁴ This explains why the World Bank's 'no new commitment' policy did not survive after 1990, while disbursement was not substantially influenced by the massacre (see **Table 2-3**).

With respect to Japan's cooperative attitude towards China, there were several motivations. First of all, Japan's 'sense of guilt' towards the Chinese made it refrain from criticising China as the Western countries did. Second, like other Asian states Japan was not so keen as the US and European states on the human rights issue. Third, the government judged that isolating China could be more dangerous, as it might trigger Chinese nationalism. Lastly, "Japan's involvement is incomparably greater than that of the United States or European countries. China's cumulative debts to Japan are said to total close to \$40 billion. Given this close link, Japan simply cannot impose economic sanctions against China".³⁵

The last point clearly shows the dilemma of interdependence. As mentioned earlier, China is in a weaker position in the sense that it must depend for its economic development on the developed countries. Thus, theoretically, China is the party which is expected unilaterally to offer concessions. However, as the comment above illustrates, as long as the developed countries invested in China, longer-lasting sanctions could have provoked Chinese counter-sanctions against enterprises investing there. This concern, felt in Japan in particular, led to the early lifting of sanctions. European countries followed suit and lifted sanctions in 1993.³⁶ In this sense, interdependence worked as a power resource vis-à-vis Japan and European countries, even if China did not threaten to retaliate. Conversely, only the United States could tolerate the possible loss caused by

³⁴ Harding, "China's American Dilemma", p.16.

³⁵ Dong Dong Zhang, "Negotiating for a Liberal Economic Regime: The Case of Japanese FDI in China", *Pacific Review* 11(1), 1998, p.66.

the sanction/counter-sanction relations between the United States and China, because the United States had not had strong economic ties with China to the extent Japan had. The United States even politicised human rights by linking them to China's most favoured nation (MFN) status. Thus, if China's single largest source of foreign capital inflow had been the United States, China would surely have suffered from a worse international economic environment. These factors imply that relations between China and Japan the EU are, psychologically, more symmetrically interdependent, but those between China and the United States are characterised by China's asymmetrical dependence on the latter. Therefore, Japan and the EU made concessions, while the US did not.

However, closer examination of the interests of US multinational enterprises investing in China reveals that even the US government cannot afford to ignore interdependence. This is apparent in the cases of the US decision in 1994 to delink China's MFN status from the human rights issue and its granting permanent normal trading relations (PNTR)³⁷ status to China in 2000. These cases are examined in the next section.

(2) China's MFN status

China was granted MFN status for the first time in 1980, the year after the normalisation with the US. The reason why China's status is subject to 'renewal' every year is that the Jackson-Vinick Amendment to the 1974 Trade Act, a US domestic law, prohibits the US government from granting MFN status to communist countries that restrict free emigration. Thus, the US government needs some sort of assurance that those countries' restrictions will be gradually abandoned in the future, in order to

³⁶ For the literature which demonstrates how European China policy is dominated by economic interests, see Hanns W. Maull, "Reconciling China with International Order", *Pacific Review* 10(4), 1997, pp.466-479.

³⁷ What is known as Most Favoured Nation (MFN) status under GATT/WTO is termed as Permanent Normal Trade Relations (PNTR) in US trade law. This thesis uses the term MFN only, in order to avoid confusion.

overcome this amendment.³⁸ Consequently, if there is no assurance, the US government must decide to withdraw MFN status.

The US government renewed the MFN status of China in 1990 because of the Chinese concessions mentioned above. However, this issue arose again in 1991, with a long list of US concerns about China, including Beijing's failure to make any meaningful effort in political reform, increasing US trade deficits with China and China's export of military technology to the Middle East.³⁹ President Bush defended his decision to grant a renewal to China by stating that "if we withdrew MFN or imposed conditions that would make trade impossible, we would punish South China ... that very region where free-market reforms and the challenge to central authority are the strongest".⁴⁰ Equally important was the US need for China's support at that time in a vote at the UN Security Council over a resolution on use of force against Iraq, which had invaded Kuwait in August 1990.⁴¹

The Chinese leadership was, of course, disappointed about America's linking of the issue of China's MFN status with internal affairs such as its human rights record and progress in making political reforms. Among Chinese officials and academic circles, there were concerns over and anger toward the US policy: it was argued that while China was forced to compromise endlessly, the United States took advantage of China's eagerness for MFN status and abused China's independence.⁴² What frustrated the Chinese was the

³⁸ Tan Qingsham, *The Making of U.S. China Policy: From Normalization to the Post-Cold War Era* (Boulder, Colo.: Lynne Rienner Publishers, 1992), p.60, cited in Faust and Kornberg, *China in World Politics*, p.141.

³⁹ Harding, "China's American Dilemma", p.17.

⁴⁰ Faust and Kornberg, *China in World Politics*, p.141.

⁴¹ China abstained on Resolution 678 (to use force against Iraq). The Gulf War gave China a chance to demonstrate itself as a responsible great power in the international society. By abstaining, China not only avoided exacerbating relations with Western countries but also avoided antagonising the Third World countries by siding with the West.

⁴² Yi Xiaoxiong, "China's U.S. Policy Conundrum in the 1990s: Balancing Autonomy and Interdependence", *Asian Survey* 34(8), 1994, p.677.

fact that China's overall modernisation largely depended on US assistance, financially, technologically and militarily.

However, China urgently needed MFN status. Thus, Deng Xiaoping once again decided to compromise and "sent a trade mission to the United States to boost its imports of American goods, promised to provide better protection for American intellectual property in China, pledged to tighten legislation to prevent unfair trade practices, and released two more dissidents who had been arrested in the aftermath of the Tiananmen crisis".⁴³ This secured China's retention of MFN status in 1991.

Despite some compromises from China, President Bill Clinton, who promised during the presidential campaign in 1992 to use China's dependence on the US market as a lever to improve Beijing's human rights record, applied further pressure in May 1993. While he gave China a one-year extension, he also issued Executive Order 12850 which was a list of conditions that China should meet in order to extend MFN status. Those conditions were: complying with the Jackson-Vanick amendment; complying with the 1992 US-China prison labour agreement; implementing the Universal Declaration on Human Rights; accounting for all political prisoners; allowing visits to political prisoners by the Red Cross; protecting Tibet's cultural and religious heritage; ceasing the jamming of international broadcasts, enforcing copyright laws; Chinese nondiscriminatory trade practices; and Chinese adherence to the NPT and the MTCR [Missile Technology Control Regime].⁴⁴ China criticised this Order as an infringement of Chinese sovereignty and security. The US linkage policy, however, was finally terminated in 26 May 1994 when President Clinton officially announced the delinking of human rights from the

⁴³ Harding, "China's American Dilemma", p.17.

⁴⁴ Vladimir N. Pregelj, "Most-Favored-Nation Status of the PRC", *CRS Issue Brief* IB92094, 23 July 1993, p.CRS-2, cited in Faust and Kornberg, *China in World Politics*, p.143.

renewal of MFN status for China. He gave as the reason for this de-linkage, that offering MFN status would lead to improved human rights in China.

However, the real driving force behind this decision was more probably US economic interests in China, especially those of giant multinational enterprises doing business there. For example, when the administration was in the process of decision-making about the extension of Beijing's MFN status, enterprises such as the Ford Motor Company, AT&T, IBM, Boeing and Kentucky Fried Chicken were in the process of negotiating big deals with China.⁴⁵ Since American business circles criticised the annual MFN debate as creating uncertainty over their business in China, supporting renewal of China's MFN status and demanding the delinkage of human rights from MFN status were also in their interest. This point was well depicted by John Cranor, the president of Kentucky Fried Chicken, who announced a major investment in Shanghai on 27 May 1994, the day after President Clinton's declaration of delinkage. Cranor said "By permanently delinking human rights and economic investment, President Clinton has removed uncertainty from our China business".⁴⁶ In addition, China at that time had planned infrastructure projects worth \$560 billion to be implemented before the end of the century.⁴⁷ Thus, any hint by the Beijing government to those enterprises about negative influence on their business in China could easily have led to formation of a strong coalition of such enterprises to lobby for their own, and ultimately China's, interests. US multilateral corporations' vulnerability to Sino-US unstable relations was

⁴⁵ For detail, see Richard Bernstein and Ross H. Munro, *The Coming Confront with China* (New York: Alfred A. Knopf, 1997), pp.106-107.

⁴⁶ Mark O'Neill, "KFC Announces \$200 Million Investment in China", Reuters World Service, 28 May 1994, cited in *ibid.*, p.107.

⁴⁷ Faust and Kornberg, *China in World Politics*, p.146.

also revealed in the case of the US EP-3 'spy plane' incident in April 2001.⁴⁸ In this regard, the Chinese leaders must have learnt the effectiveness of economic leverage in the sense of using US multinational corporations as a tool for pressing the US government.

However, delinkage does not mean that China was automatically granted MFN status. The Chinese government must still survive a debate over granting MFN status to China in the US Congress every year, by showing improvement in human rights or concessions that appeal to Congress, in order to renew the status. What makes the matter particularly complicated is that Beijing's search for MFN status from the US and its bid for the WTO are closely connected. In order to become a member to the WTO, China must conclude agreements on its accession with all other members. Since the key principle of GATT/WTO is that parties grant each other unconditional MFN status, becoming a WTO party is an easier way to obtain MFN status than vice versa. However, Washington, along with the EU and some other parties, has not yet concluded agreements with China, due to some problems that remain to be solved.⁴⁹

A major movement to end the annual tension between Beijing and Washington over the trade issue can be traced back to April 1999 when Premier Zhu visited the United States with a number of concessions, seeking US support for China's entry to the WTO.⁵⁰ After the deterioration in relations between the two countries caused by the

⁴⁸ Paul Blustein, "U.S.-China Flap Clouds Trade Issue: Spy Plane Standoff Worries U.S. Firms", *Washington Post*, 5 April 2001, p.E01, available at <http://www.washingtonpost.com/wp-dyn/world/issues/chinatensions/A40563-2001April4.html>.

⁴⁹ The problems include whether China 'accede' the WTO or 'resume' the membership, and whether China joins the WTO as a developing country or a developed country.

⁵⁰ These concessions include: to lift geographic restriction on where foreign insurance companies can do business, to double the present number of passenger and cargo flights between the U.S. and China and to allow U.S. wheat and citrus exports to China. See Peter Harmsen and Emily Schwartz, "China Calls for U.S. Help on WTO This Year", *Asia Times*, 12 May 1999, available at <http://www.atimes.com/china/AE14Ad02.html>. However, Zhu had to go back to China empty-handed. He was not only criticised by the conservatives for offering too many concessions but also lost his influence in the government due to the Clinton administration's refusal to support China's bid for the WTO, thereby

Clinton Administration's refusal at this occasion to support China's bid for WTO membership, the release of the so-called Cox report on Chinese espionage about US nuclear technology, and the supposedly accidental bombing of the Chinese Embassy in Yugoslavia by NATO in May 1999, the Congress could not reach consensus over granting permanent MFN status to China. As a result, the US government decided to extend MFN status for another year. The belated WTO talks, which were suspended immediately after the bombing of the Chinese Embassy, were resumed in September 1999 and finally led to the signing of an accession agreement between two governments the following November.

However, this agreement will not provide Beijing government with permanent MFN status automatically. Obtaining this required approval from the US Congress, through a revision of US domestic law. The Clinton Administration enthusiastically sought support for an amendment bill, arguing that American firms doing business in China could not benefit from the latter's WTO membership without MFN status being granted to Beijing. Major US multinational corporations investing in China such as Boeing and Motorola lobbied vigorously, spending more than \$12 million before the vote in the House of Representatives.⁵¹ Those who opposed the amendment argued that the United States must not give up a lever vis-à-vis China which could improve its human rights record. The bill was passed by the House of Representatives in May 2000, and by the Senate in November 2000. China finally achieved two objectives, an accession agreement to the WTO with the US and the permanent MFN status.

allowing a setback in his economic reform programme which resulted in the cancellation of some of offers that Zhu had made to the United States.

⁵¹ Greg Torode, "NTR Down to the Wire", *South China Morning Post*, 19 May 2000, available at http://www.scmp.com/News/China/Article/FullText_asp_ArticleID-20000519031227477.asp. The US government also spent money in order for the bill to be passed. It is reported that the government and business spent \$20 million altogether in PR and lobbying. See "China PNTR: And Now for the Real Issue . . .", *Asia Times*, 26 May 2000, available at <http://www.atimes.com/editor/ BE26Ba01.html>.

In International Relations theory, the less dependent party is more likely to use interdependent relations as a lever to achieve political objective(s) than the more dependent party. In the case of granting China MFN status, this formula fitted relatively well. The United States could use China's dependence on it as a lever to pursue its political goal (improving democracy in the mainland) while China had to compromise on human rights in order to renew its MFN status every year. In this regard, relations of interdependence worked as a constraint on the more dependent party, China. However, Beijing learnt that it could achieve its politico-economic goal of obtaining MFN status by exploiting US companies' economic interests in China. These multinational corporations pressed the US government and lobbied vigorously in order to defend their own, and ultimately China's, interests. In this sense, the more dependent party can use interdependent relations as a source of power. The next section will focus on the skill shown by the Chinese government in taking advantage of interdependent relations.

(3) Beijing's use of sanctions

The Beijing government has been quick to learn how foreign corporations doing business in China could serve its interests. The Chinese leaders know how influential these giant multinationals are on their own governments' policy making. Thus, by punishing or rewarding these corporations, the mainland has been fairly successful in achieving its political objectives, such as forcing some European governments to refrain from allowing sales of advanced weapons to Taiwan, as well as obtaining MFN status from the US.

For example, in the early 1990s, France was the first among the European governments to loosen sanctions imposed after the Tiananmen massacre and in exchange Beijing gave a French company the contract to build a nuclear power plant.⁵² However,

⁵² Maull, "Reconciling China with International Order", p.472.

in 1992 when the French government announced a major arms deal with Taiwan (involving, most importantly, six frigates and sixty Mirage-2000 fighter aircraft), relations between Beijing and Paris rapidly deteriorated, thereby causing France a major economic loss.⁵³ The Beijing government demonstrated its displeasure with France over the deal with Taiwan, with the US over the human right issues and its decision to sell 150 F-16s to Taiwan in August 1992, and with the UK over the Hong Kong issue, by rewarding Germany (which was not antagonistic to China at that time) with a number of business opportunities.⁵⁴ A series of political tensions was created between Beijing and Washington in 1996. China's missile exercises during the Taiwanese presidential election in March not only resulted in the US dispatching two aircraft carrier battle groups to the vicinity of Taiwan but also led to stronger US-Japan military ties in April. At the same time, the annual debate started in the US Congress over whether or not Washington should grant China MFN status. China anticipated that its missile exercise might induce an unfavourable outcome (failure to obtain MFN status). Subsequently, Beijing rewarded France, which had been making efforts to improve diplomatic relations with China since 1993, by purchasing \$1.5 billion worth of airliners from Airbus Industrie while cancelling its plan to buy aircraft from Boeing in April 1996.⁵⁵

This event scared the US multinational corporations, because the mainland linked government-to-government political relations with private companies' commercial

⁵³ This deal with Taiwan was worth "at about \$7.5 billion (the equivalent of nearly four years of French exports to the PRC at the time)". See *ibid.* Chinese government's reactions included the following: "Beijing closed the French Consulate in Guanzhou and pulled the plug on trade with Paris in 1993. It meant that France lost about FFr6 billion of business with China. Beijing cancelled its purchase of wheat, Airbus, communications equipment, and subway trains from France, and most of the business has been awarded to Germany, whose government has not approved arms sales to Taiwan". See Weixing Hu, "China's Security Agenda After the Cold War", *Pacific Review* 8(1), 1995, p.130.

⁵⁴ Combined with the German government's refrain from selling submarines to Taiwan in 1993, Berlin was awarded with \$2.8 billion worth of contract, either signed or initiated, when Chancellor Kohl visited China. Mercedes-Benz was successful in securing a major contract with Beijing in 1994. See, Maull, "Reconciling China with International Order", p.470.

⁵⁵ Bernstein and Munro, *The Coming Confront with China*, p.109.

interests in China, despite the fact that the US government had given up its policy of linkage between China's MFN status and human rights record in 1994. This means that the US government does not have an effective counter-measure with which to retaliate against China. Thus, Beijing's cancellation of the order for Boeing aircraft provided the impetus for US corporations investing in China to form a coalition to exert pressure on the US government. All that these companies wanted was stable business opportunities in China by removing the major causes of political instability, namely China's trade status and WTO membership. As mentioned above, US business contributed to China's achievement of these goals.

These cases clearly demonstrate how the China policies of some European states and the US were commercial interest-oriented and how Beijing has skilfully used giant businesses to press their governments to develop policies favourable to China, thereby enabling the latter to achieve its political and economic goals. Even though China is a more dependent party vis-à-vis developed countries, it has been successful in taking advantage of private companies' commercial interests and ambitions. However, the cases mentioned also demonstrate that power relations between governments, and security issues still matter. France and Germany decided to refrain from selling weapons to Taiwan after retaliatory business sanctions from the mainland, while the United States did not refrain. This is partly because the US depends less on China than Germany and France do, at least psychologically, but more importantly because Washington places the security issue (the US strategic interest in maintaining the *status quo* not only across the Taiwan Strait but also in East Asia as a whole) higher than commercial interests. The same can be said of the Chinese, too. Beijing retaliated particularly harshly against

Western commercial interests when the Western governments' policies were felt to impinge on China's sovereignty, as in the case of Taiwan and Tibet.⁵⁶

In sum, the more foreign companies invest in China, the more their governments' China policies are likely to be influenced by business interests, giving the Chinese government more freedom in policy-making. This means that Beijing is less constrained than Western and Japanese governments by economic interdependence, although it is the more dependent party. Thus, it can be concluded that 1) even the more dependent party can use interdependent relations as a source of power in achieving its political objectives; 2) interdependence works both as a constraint and a lever; and 3) the extent to which the government is constrained by interdependence largely depends on the nature of its political and economic system; but also 4) considerations about interdependence cannot supersede security issues.

3. China's participation in international institutions

In International Relations theory, liberals argue that international institutions have a positive effect on states' behaviour through rule-binding, while realists not only doubt their effectiveness, particularly when the institutions were not initiated by a hegemon and its supporters, but also view the rules as the product of power politics. If the liberals are correct, China will have to adjust its policies to meet international standards, thereby becoming less selfish. However, if the realists are correct, China will exercise power

⁵⁶ One of the latest examples is China's planned construction of a high-speed railway link between Shanghai and Beijing. France (TGV), Germany (Transrapid) and Japan (bullet train, or Shinkansen) competed for the contract. When Premier Zhu Rongji visited Germany in June 2000, his first visit to Europe after the NATO's bombing the Chinese Embassy, he and Chancellor Schroeder agreed on a feasibility study of this railway link. The mainland's reward to Germany was reported to be a sanction against France which was planning to sell a satellite system to Taiwan. See Yojana Sharma, "German deals with China back on track", *Asia Times*, 5 July 2000, available at <http://www.atimes.com/china/BG05Ad01.html>; and "Business to Dominate Premier Zhu's Trip to Germany", China Web, 29 June 2000, available at http://www.chinaweb.com/english/cw_html/news/industries/HK7904.html.

politics as a great power against its weaker neighbours and its political opponents, even when it is involved in international institutions.

This section first looks at the Beijing government's psychology and general attitude toward institutions. Then China's behaviour in international institutions will be examined, revealing that China is skilful in using such institutions to serve its economic and political objectives through a 'maxi/mini' strategy.

1) China's general attitude towards international institutions

China's attitude towards international institutions can be basically characterised as cautious. This is a result of the experience of the 'century of humiliation' and China's subsequent reflex of anti-hegemonism. Joining established international institutions means that China has to accept the rules and procedures that were made by the established powers. This reminds the Chinese of the imposition of unequal treaties by the great powers in the late nineteenth century. Thus, joining international institutions which do not reflect Chinese interest is viewed as accepting restrictions on Beijing's exercise of sovereignty. However, it has learnt that joining international institutions and participating in their decision-making is a more effective means of pursuing its objectives than criticising institutions from the outside.

Before it obtained a seat in the UN in 1971, China's basic stance towards international institutions was non-committal and even antagonistic. Maoist China criticised the Bretton Woods system as a tool for economic penetration by the capitalist countries. However, after taking over Taipei's seat in the UN General Assembly and Security Council in 1971, Beijing came to regard the UN as the most important international institution because it had obtained a tool to exercise power by vetoing whatever UN Security Council resolutions it viewed as contradicting its national interests. Learning from this, China selectively started to commit itself to multilateral

talks such as the Conference on the Law of the Sea and applied to join international economic institutions, such as the World Bank, IMF and the ADB. Yet China has remained cautious about committing itself to international organisations or multilateral talks other than the United Nations and certain economic organisations. A 'peacekeeping operation', for example, is an interference in another country's internal affairs, from the Chinese point of view.⁵⁷ Although China participated in peacekeeping operations for the first time in November 1989 in the Middle East and Namibia,⁵⁸ the Chinese government returned to its adherence to the nineteenth century notion of 'absolute sovereignty' and non-interference after the Gulf War.

Since joining international society in 1971, China has attempted to adjust itself to meet international standards, in the economic sphere in particular, in order to achieve its top priority objective, economic development. However, Beijing tends to assert itself in order to gain maximum benefit, by playing roles as a great power (or veto power) or as a developing state, depending on the situation. For example, China advocates that the following principles should be applied particularly to environmental protection and sustainable development issues: 1) differentiated responsibilities, 2) differentiated obligations, 3) state sovereignty and equality, 4) untied aid, 5) differentiated capabilities, and 6) preferential treatment.⁵⁹ Beijing argues that a developing country like China

⁵⁷ According to a study which examined China's voting behaviour in the United Nations between 1971 and 1999, another reason for Beijing's reluctance to support peacekeeping operations seemed to be to escape from paying China's share for such operations all over the world. This is why Beijing usually abstained from the votes for deploying peacekeeping operations. However, China finally had to agree to pay for the costs due to the 1981 UN General Assembly decision. Since then, Beijing ceased to abstain from voting for peacekeeping operations, except for the Security Council Resolution on the Falklands war in 1982. See Sally Morphet, "China as a Permanent Member of the Security Council: October 1971-December 1999", *Security Dialogue* 31(2), 2000, pp.157-158; and Samuel S. Kim, "China and the United Nations", in Elizabeth Economy and Michel Oksenberg, *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999), p.54.

⁵⁸ Ibid.

⁵⁹ Samuel S. Kim, "China in the Post-Cold War World", in Stuart Harris and Gary Klintworth (eds), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), p.59.

cannot meet international standards immediately and without incurring costs to achieve such standards (for example, redistribution of capital and resources, changing its industrial structure and possible increase in unemployment rates), that developing countries should be allowed lower standards and/or given a moratorium period to reach necessary standards while developed states implement them immediately, and that funds and technologies necessary for the developing countries to achieve required standards must be allocated and transferred without strict conditions. In short, the essence of this argument is to maximise the funds and technology obtained from the developed countries while minimising the restrictions and obligations imposed. On the other hand, China has never hesitated to conduct power politics. For example, Beijing successfully blocked Taiwan's plea for UN membership from being discussed in the UN General Assembly, and has vetoed India's membership of the APEC forum.⁶⁰

Another aspect of China's 'maxi/mini' strategy is gaining political benefits by doing nothing. Abstaining from the UN resolution over sanction against Iraq resulting from the latter's invasion of Kuwait in 1991 and Beijing's decision not to devalue its currency, the yuan, during and after the Asian financial crisis of 1997-98, are typical examples. In the case of the former, China could keep face among the Third World countries by demonstrating its identity as a Third World country while allowing the resolution to pass, which facilitated the subsequent lifting of post-Tiananmen sanctions by Western states. In the latter case (maintaining the exchange rate), Beijing could claim that it was acting as a responsible member of the region. These examples indicate that the Chinese leaders are skilful in operating a 'maxi/mini' strategy in order to pursue and achieve China's political objectives.

⁶⁰ According to a study which demonstrated how China used APEC as a tool to pursue its political and economic objectives, Beijing played an important role in the 1997 decision in APEC that it would not enlarge membership for the next ten years. See Thomas G. Moore and Dixia Yang, "China, APEC and Economic Regionalism in the Asia-Pacific", *Journal of East Asian Affairs* 13(2), 1999, p.393.

Liberal institutionalists argue that institutions constrain states' behaviour rather than vice versa. However, China's behaviour in international institutions shows that Beijing uses institutions in order to pursue and achieve its political and economic objectives rather than being constrained. The Chinese are known as tough, persistent and, quite often, impatient negotiators.⁶¹ They reiterate their position on a particular issue whenever they have a chance, they are highly uncompromising until the last moment, while they often boycott or threaten to boycott negotiations when the other party does not accept China's terms easily. This negotiation style is not eased even when Beijing negotiates with the World Bank for borrowing money. Another example is Beijing's persuading the Bank to bend its own rules to approve a loan for China's poverty-reduction project in its Western region.⁶²

Beijing is generally reluctant to participate in multilateral talks, mainly due to its fear that the Western states will dominate the talks, thereby imposing unfavourable conditions or decisions on China. The experience of joining international economic institutions such as the World Bank and the IMF, and the long-standing negotiations for GATT/WTO membership has taught China's government that a latecomer cannot participate in rule-making. Joining the established institutions means that it is more difficult for the Chinese to ensure that their policy towards a particular issue is reflected in decision-making. Nevertheless, although China was concerned about the roles of the United States and Japan, the perceived benefits of exerting influence from inside

⁶¹ For details of this issue, see Richard H. Solomon, *Chinese Negotiating Behavior: Pursuing Interests Through 'Old Friends'* (Washington D.C.: United States Institute of Peace Press, 1999).

⁶² This project was to resettle about 60,000 Chinese farmers to Tibet, and the World Bank approved a \$40 million loan to China in 1999, overcoming the opposition from the United States and Germany. This approval was investigated by the Bank's inspection panel which had been pressed by the International Campaign for Tibet, one of the largest Tibetan supporting groups. As a result, it was revealed, in early July 2000, that the Bank had violated 7 out of 10 regulations in order to approve this project. About two weeks later, China announced that it would finance the project by itself and withdrew from the once-approved loan. See "Bending Rules in China", *Washington Post*, 5 July

persuaded the Beijing government to join APEC and the ARF, and these two institutions have indeed so far served China's interests.

2) China's behaviour in international institutions

In the case of APEC, Beijing's behavioural pattern can be classified into three categories: slowing down the pace of trade liberalisation, using APEC as a tool to pave the way to WTO membership, and using APEC as a diplomatic channel to other states. Regarding the first point, Beijing has maintained its reservations about the speed for trade liberalisation in APEC (by 2010 for the developed countries and by 2020 for the developing countries). China supported Japan and Malaysia's effort to resist the fast-track liberalisation (known as Early Voluntary Sector Liberalisation or EVSL),⁶³ thereby promoting its own interests.

Beijing has also tried to use APEC to obtain WTO membership more easily than would otherwise be the case. For example, China is recognised as a developing country in APEC.⁶⁴ Since the United States opposes China's entry into the WTO as a developing country, Beijing has a strong case to press the US to respect APEC's definition. Besides, Chinese officials had meetings with American counterparts on the sidelines of the Vancouver APEC summit in 1997, and with Mexican officials at the Brunei summit in 2000 in order to discuss Beijing's bid for WTO membership. Thus, annual APEC

2000, Page A20, available at <http://www.washingtonpost.com/wp-srv/WPlate/2000-07/05/0081-070500-idx.html>; and Bezlova, "World Bank Upsets Its Biggest Customer".

⁶³ "At the 1997 meeting, APEC leaders agreed to negotiate mandatory liberalization targets in nine sectors on a fast-track basis covering \$1.5 trillion in trade (known as Early Voluntary Sectoral Liberalization). Those sectors included: chemicals, fisheries, forestry, energy goods and services, environmental goods and services, gems and jewelry, medical equipment, toys, and a telecommunications mutual recognition agreement." This was approved in June 1998. However, Japan opposes liberalisation of fishery and forestry. In addition, Japan and Malaysia in particular insist that liberalisation goals not be set as mandatory and resist US demand to open all sectors for foreign investment. See John Gershman, "In Focus: Asia Pacific Economic Cooperation (APEC)", *Foreign Policy in Focus* 5(39), November 2000, available at <http://www.foreignpolicy-infocus.org/briefs/vol5/v5n39apec.html>.

⁶⁴ APEC defines developing states as a country of which annual per capita income is less than US\$1000. See Moore and Yang, "China, APEC and Economic Regionalism in the Asia-Pacific", p.394.

meetings are an important diplomatic arena in which the Chinese can negotiate over its entry to the WTO. Another important aspect of APEC for Beijing is that it expects APEC's conflict-managing mechanism to help protect it from unilateral US trade sanctions. China cannot depend on such a scheme in the WTO until it becomes member.

APEC is also an arena in which China had pursued other political objectives. For example, attending the Seoul APEC conference in 1991 helped pave the way for normalised relations with South Korea. Chinese officials had meetings with Vietnamese counterparts in 1992 in Bangkok, and with Filipino officials in 1994 in Bogor, over the Spratly islands issue.

In sum, China has so far been successful in using APEC as a tool to serve its economic and political interests. The Chinese government takes part in the making of rules and procedures by stating its policy and by supporting members which resist fast-track trade liberalisation; Beijing has successfully blocked India from becoming a member of APEC; and Chinese officials have vigorously met other states' officials in order to pursue its political objectives including entry to the WTO. On the other hand, China has not had imposed on it substantial legal obligations, due to APEC's approach of decision-making by consensus and voluntarism. Although the Beijing government is expected to implement trade liberalisation by 2020, it can decide, at least theoretically, how it achieves that goal, and at what pace.

Another point is that China views APEC in balance of power terms. Beijing was concerned about APEC's domination by the US and Japan. In Chinese eyes, the creation of a Japanese-funded Asian Monetary Fund (as proposed by Tokyo in 1997) would indicate a further expansion of the latter's sphere of economic influence in the region. Thus, China joined the US (which also fears Japan's increasing economic and political roles) in vetoing Japan's suggestion while criticising Japan for its slow recovery from the

worst recession since World War Two. On the other hand, Beijing did not lose any time in criticising the United States by asserting that “big powers with influence in international finance are duty-bound ... to improve the supervision and regulation of the flow of international capital, contain over-speculation of the international hot money, and enhance the capability for the forecast and prevention of financial risks”.⁶⁵ By keeping Japan down while criticising US hegemonism, combined with maintaining its exchange rate and donation to the crisis-hit countries, Beijing scored the greatest diplomatic gains in the power game played by China, Japan and the United States.

In the case of the ARF, China's policy-makers were ambivalent about whether or not to join the Forum. While fearing that “US interests might dominate the enterprise”,⁶⁶ Beijing calculated that the “Forum would be better influenced from the inside than from an isolated outside”,⁶⁷ and judged that it “could use the ARF to isolate the United States and its supporters”, and thus undermine ASEAN's attempt to resist Beijing on the South China Sea disputes.⁶⁸ Whatever the reason, China apparently judged that the potential gains outweighed the costs. The initiative for establishing this Forum was taken by ASEAN. In addition, the consensus amongst the participants at the first meeting in July 1994 that the ARF was merely a high-level consultative forum rather than a rule-binding organisation made China comfortable, because no strict legal obligations would be imposed.

⁶⁵ Cited in *ibid.*, p.388. (Original source is *Xinhua* in English, 18 November 1998, cited in FBIS-CHI-98-322).

⁶⁶ Michael Leifer, “The ASEAN Regional Forum: Expanding ASEAN's Model of Regional Security”, *Adelphi Paper* 302, 1996, p.27. See also Michael Leifer, “China in Southeast Asia: Interdependence and Accommodation”, in David S.G. Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), p.165.

⁶⁷ *Ibid.*

⁶⁸ Robyn Lim, “The ASEAN Regional Forum: Building on Sand”, *Contemporary Southeast Asia* 20 (2), 1998, p.117.

Since China has claimed that the South China Sea has always been under its 'indisputable' sovereignty and that territorial disputes there must be resolved through bilateral negotiation between China and each claimant, discussing the issue in multilateral talks such as the Indonesian-sponsored second track workshop and the first-track ARF has not been seen as an option by China. Thus, China resisted the Spratly issue being placed on the agenda at the first ARF. Some participants, the Philippines in particular, held a contrary view, but they finally agreed not to embarrass China at the start of the ARF's voyage.⁶⁹ As a result, the Chairman's Statement at the end of the first meeting did not refer to the South China Sea dispute. Although the South China Sea issue has never been *discussed* in the ARF, Chinese participants have had to tolerate listening to other states' concerns about the issue, respond to their concerns by reiterating Beijing's official line – peaceful resolution through diplomatic means and joint exploration of resources while shelving the sovereignty issue – and see the concern expressed in the chairman's statements every year since the discovery of China's construction activities on Mischief Reef in February 1995. China's strong opposition to the Spratly issue being raised as an agenda item at the ARF has remained. When Thailand attempted to raise the South China Sea issue at the seventh ARF in Thailand in 2000, "the Chinese slapped down the Thai proposal brusquely and rudely. Never, they threatened, will Beijing discuss the Spratlys in a forum – even though six nations claim the archipelago".⁷⁰

China managed to rule out discussion of the South China Sea issue in the ARF, but it nevertheless compromised in the face of a united ASEAN voice, by agreeing to discuss it at the various ASEAN-China meetings such as the ASEAN-China dialogue on the

⁶⁹ Lee Lai To, "The South China Sea: China and Multilateral Dialogues", *Security Dialogue* 30(2), 1999, p.171.

⁷⁰ *The Bangkok Post*, 27 August 2000, cited in Carlyle A. Thayer, "China's 'New Security Concept' and ASEAN", CSIS Pacific Forum Comparative Connection: China - ASEAN (3rd Quarter 2000), available at http://www.csis.org/pacfor/cc/003Qchina_asean.html.

sidelines of the ARF and of the ASEAN-China Senior Officials Meeting (SOM), where the Chinese leaders eventually had to accept to conclude a regional Code of Conduct for the South China Sea. In March 1995, the ASEAN foreign ministers issued a joint statement on the South China Sea. At the first ASEAN-China SOM in April 1995, China suggested that the territorial disputes be discussed in the next ASEAN-China SOM in 1996 because of the pressure from the ASEAN side, although it was not originally an agenda item for the meeting. Meanwhile the Philippines and China agreed a bilateral code of conduct in August 1995. Although no progress was made on the matter of the ASEAN-China SOM in June 1996, ASEAN foreign ministers proposed concluding a regional Code of Conduct for the South China Sea at the ASEAN Ministerial Meeting (AMM) in July 1996, after witnessing a bilateral code of conduct between China and Vietnam in July 1996. While reacting cautiously, China did not oppose the idea.

The Code of Conduct proposal made progress after the Philippines' report in October 1998 that China had reinforced its construction on Mischief Reef. This time, Manila could not obtain enough support from its ASEAN fellows, mainly due to the Asian financial crisis and their gratitude towards Beijing for refraining from devaluing its currency. Lack of ASEAN solidarity on the issue led the Philippine government to attempt to internationalise its case by asking Germany, the chair of the Asia-Europe Meeting (ASEM) meeting scheduled in March 1999, to list the Mischief Reef issue as an agenda item,⁷¹ and by seeking to bring the case to the UN-sponsored International Tribunal on the Law of the Sea (ITLOS).⁷² China opposed this move and turned down

⁷¹ "Philippine Diplomats Told to Raise South China Sea Disputed at ASEM", yahoo news Asia, 24 February 1999, available at <http://asia.yahoo.com/headlines/240299/news/919852440-90224113403.newsasia.html>. See also Johnna R. Villaviray, "South China Sea Rift Not in ASEM Agenda", *Manila Times*, 19 February, 1999 available at <http://www.manilatimes.net/news/news021999j.html>; and Johnna R. Villaviray, "ASEM Chair Cool to Spratlys Issue", *Manila Times*, 23 February, 1999 available at <http://www.manilatimes.net/news/news022399j.html>.

⁷² "China Opposes Bringing Reef Issue Before UN Court", *China Times*, 14 April 1999 available at <http://www.chinatimes.com.tw/english/epolitic/88041402.htm>. See also "Erap Asks UN to Help

the Philippines' proposal to agree a regional Code of Conduct at the Fifth ASEAN-China SOM in April 1999.

However, Beijing quickly changed its mind and offered to consider the regional Code of Conduct at the China-ASEAN dialogue in July 1999. China's alteration in policy may have been related to the Philippines Senate's passage of the Visiting Force Agreement, or VFA, in May. In China's *realpolitik*-dominated view, strengthening military ties between Manila and Washington implied a greater possibility of the US involvement in the South China Sea disputes, despite Washington's reiteration that the 1951 US-Philippine Mutual Defence Treaty does not cover the disputes because Manila's claim in the Spratlys was made after the treaty was concluded.⁷³ Stronger US-Philippine military and political ties mean, in turn, that the Spratly issue could be brought as an agenda item to the ARF, which Beijing does not want. Thus, the Chinese government has calculated that it could avoid the issue being raised in the ARF by strictly limiting the discussion on the disputes and the Code of Conduct to the ASEAN-China meetings.

By the time of the ASEAN-China summit on 28 November 1999, ASEAN senior officials had reached an agreement on the draft Code of Conduct, which due to Vietnamese requests would cover the Paracels as well as the Spratlys. Chinese Premier Zhu opposed inclusion of the Paracels which are under Chinese control after being

Settle Row on Spratlys, *Philippine Daily Inquirer*, 19 March 1999, available at http://www.inquirer.net/issues/mar99/mar19/news/news_2.htm.

⁷³ According to Thayer, however, US ambassador to the Philippines sent a letter to the Manila government, arguing that the 1951 treaty have both "territorial and situational applications". See Carlyle A. Thayer, "Some Progress, Along with Disagreements and Disarray", CSIS Pacific Forum Comparative Connections: China - ASEAN (2nd Quarter 1999), available at http://www.csis.org/pacfor/cc/992Qchina_asean.html.

'recovered' from South Vietnam in 1974. China submitted its own draft Code to the ASEAN side.⁷⁴

ASEAN's and China's drafts were examined at the ASEAN-China SOM in March 2000, where it was revealed that there were significant differences between them. These differences, which include 1) whether reinforcement of the existing structures should be permitted and whether new occupation of currently unoccupied features should be allowed, and 2) whether the scope of the Code of Conduct should include the Paracels, remain unresolved.

In short, while China had to respond to ASEAN's pressure to discuss the South China Sea issue, it was successful in preventing it from being discussed at the ARF. It is in Beijing's interest that this case should be dealt with only by the claimants, without allowing outside power(s) to interfere in the process and outcomes. Although Beijing was surprised at ASEAN's solidarity in 1995, it was able to take advantage of ASEAN's subsequent preoccupation with the financial crisis and the resultant disarray among ASEAN members when it resumed construction on Mischief Reef in 1998. Besides, Beijing is aware of the ASEAN states' concern not to upset China's leaders. Thus, Beijing can still conduct power politics vis-à-vis ASEAN, particularly when it lacks unity, despite engagement in the ARF. In this sense, China's gains outweigh the costs of compromise (to discuss the Spratly issue only at ASEAN-China meetings) with regard to the South China Sea disputes.

China's policy towards international institutions is essentially based on a 'maxi/mini' strategy, which aims at getting maximum political and economic gains while minimising the restriction on its sovereignty. In order to maximise gain, the mainland

⁷⁴ Carlyle A. Thayer, "Beijing Consolidates Long-Term Regional Relations", CSIS Pacific Forum Comparative Connection: China - ASEAN (4th Quarter 1999), available at http://www.csis.org/pacfor/cc/994Qchina_asean.html.

takes advantage of its veto power status in the UN, asserts itself as a developing country in APEC and its bid for WTO membership, and conducts power politics vis-à-vis its weaker neighbours, depending on the situation. In addition, it has been successful in exerting influence on decision-making from inside APEC and the ARF, while benefiting from the non-binding nature of these two institutions. Although it is true that China had, and still has, to change and adopt its policies and domestic laws and regulations in order to meet international standards, in the economic sphere in particular, this has brought the mainland a huge amount of foreign investment, thereby serving its broader strategy of strengthening its comprehensive national power.

Thus, China's behaviour in international institutions does not necessarily prove liberals' argument that rules and regulations in institutions effectively restrict states' behaviour, although there is a doubt over whether APEC and the ARF, which are characterised by consensus-based decision-making and a lack of sanctions for failing implementation, should be categorised as institutions. The realists' argument that an institution which was not initiated by a hegemon is weak in terms of implementation and enforcement is not strongly relevant in the case of the ARF, because the ARF does not have such a mechanism at all. What is important, however, is that China might not have joined this regional security forum if the United States and/or Japan had taken the initiative in establishing it. Since discussions about regional security are not meaningful without China's participation, ASEAN's initiative in forming the ARF was important. Nonetheless, the realists are more correct in pointing out that power politics may be conducted within institutions. Since the United States has remained neutral on the Spratly issue as long as freedom of navigation is secure, ASEAN cannot expect the US to side with it in the dispute. Thus, the best ASEAN can do is to form a united front in order to press China for self-restraint. As seen when ASEAN's collective voice in 1995

forced China to take a defensive position, ASEAN as a bloc has diplomatic weight from China's viewpoint, although the latter is still a greater power than the former. Judging from the fact that China exploited the ASEAN states' weaker solidarity as a result of the financial crisis, China has used the ARF as an arena for conducting power politics, particularly against the Philippines.

This section has demonstrated that 1) Beijing's behaviour has been *realpolitik*-oriented, and it has exercised power whenever possible; 2) the Chinese government has learnt that participation in institutional decision-making is more beneficial than non-participation; and 3) the Chinese leaders have been reasonably skilful in using international institutions as tools to serve their economic and political objectives. It can be concluded, therefore, that China's behaviour reflects the realists' position more than the liberals'.

Conclusion

What kind of international factor most contributes to shaping Beijing's behaviour? In order to answer this question, this chapter considered not only balance of power but also economic interdependence and international institutions, which liberals believe to have an effect in leading a state to behave peacefully. Beijing has found that interdependence and international institutions can function both as constraints and as sources of political leverage. As was demonstrated, China has been successful in maximising benefits while minimising costs by exercising power politics whenever it can, even in the context of growing interdependence and engagement in international institutions.

Beijing has also been skilful in taking advantage of the commercial interests of multilateral corporations investing in China, using these businesses as a tool to exert

pressure on the US and European governments to alter their China policies in a manner favourable to Beijing. Examples were observed in the US decision to delink China's MFN status from its human rights record, and to grant Beijing permanent MFN status, and the fact that some European states (Germany and France in particular) have refrained from selling weapons to Taiwan.

Liberals' argument that asymmetrical interdependence may be a source of power can be applied to China's relations with Japan, the EU and the United States. Japan is a primary source of bilateral loans and FDI as well as China's most important trading partner. In this sense, China is asymmetrically dependent on Japan in relation to capital flow and trade. In theory, Japan can draw many concessions from China. However, Japan's fear of Chinese retaliation (interference with Japanese companies' business in China) makes Tokyo refrain from exercising power politics. In this sense, China and Japan are symmetrically interdependent at a psychological level. The same can be applied to relations between China and some EU countries. However, the United States does not have such a psyche, because not only is the United States less dependent on China than Japan and the EU, but also it is militarily, economically and technologically much stronger than China. Thus, Washington was better able to tolerate loss from the prolonged economic sanctions it imposed after the Tiananmen massacre than could Japan and the EU, and it could use Beijing's dependence on the US as a lever in order to pursue its political objectives (notably improving human rights in China). These cases show that what is more important is power relations among parties, rather than the degree of asymmetrical economic interdependence.

The Chinese government also learnt the greater effectiveness of exerting influence from inside international institutions than criticising from outside in pursuing its objectives. In the case of APEC, China not only supported Japan and Malaysia in their

attempts to slow down the pace of fast track liberalisation, but also used the institution as a tool to pave the way to WTO membership. In the case of the ARF, China was successful in limiting the discussion about the South China Sea disputes to ASEAN-China meetings, although it had to agree to conclude a regional Code of Conduct. Yet recognising the ASEAN states' concern not to provoke Beijing, the latter seems to believe that it can conduct power politics against ASEAN.

China's using Western countries' commercial interests as a tool to exert power and its conducting power politics whenever it has had an opportunity to do so have shown that China's international behaviour is mainly based on a realist position. Although Beijing has sometimes been constrained by its economically vulnerable position vis-à-vis developed states and by the rules and norms of international institutions, it gives an impression that economic interdependence and international institutions have worked more as a power resource than as a constraint for China. In this regard, realism better explains China's international behaviour than liberalism.

Chapter 3

Domestic Factors Affecting States' Behaviour

Introduction

In Chapter 1, it was concluded that the balance of power element has greater influence on states' behaviour than economic interdependence and institutions. These three elements are international factors for a state in the sense that it cannot control them by itself. However, factors that influence states' behaviour are varied and interact with each other in a complex manner. Critics of realism, in particular, argue that this theory puts too much emphasis on the 'third image' factors, such as distribution of power and self-help in an anarchic international system, and ignores the 'second image' factors, such as culture (including governing ideas and ideology) and the nature of regimes and decision-making systems.¹ Besides those societal aspects, psychological and cognitive considerations, such as a leader's character and the perceptions/misperceptions of decision-makers, are important as well.² The argument about the level at which an observed phenomenon in international relations should be analysed is known as the 'level of analysis' problem in International Relations theory.³

¹ The distinction between the three images was made by Waltz. The 'first image' refers to the human factor, and focuses on the nature of human beings. The 'second image' refers to the internal structure of states, while the 'third image' relates to international anarchy. See Kenneth N. Waltz, *Man, the State and War: A Theoretical Analysis* (New York and London: Columbia University Press, 1959). For the cultural approach, see Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996); Ken Booth and Russell Trood (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999); Alastair Iain Johnston, "Thinking about Strategic Culture", *International Security* 19(4), 1995, pp.32-64; Desmond Ball, "Strategic Culture in the Asia-Pacific Region", *Security Studies* 3(1), 1993, pp.44-74; and Colin S. Gray, "Strategic Culture as Context: The First Generation of Theory Strikes Back", *Review of International Studies* 25, 1999, pp.49-69. For the classic literature for decision-making, see Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown and Company, 1971). For discussion on the relations between regime type and war (the democratic peace argument), see below in the text. For literature which attempts to challenge neorealism by focusing on domestic factors, see Richard Rosecrance and Arthur A. Stein, *The Domestic Bases of Grand Strategy* (Ithaca and London: Cornell University Press, 1993).

² For classic literature which focuses on perception/misperception, see Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976).

³ For the literature which focuses on the 'level of analysis problem', see J. David Singer, "The Level of Analysis Problem in International Relations", in James N. Rosenau (ed), *International Politics and Foreign Policy: A Reader in Research and Theory* (New York: Free Press, 1969), pp.20-29

Since the relationships between the 'third image' factors and states' behaviour were examined in Chapter 1, this chapter focuses on the 'second image' factors, followed by a section that examines other factors including 'first image' factors. Finally, which factors, international or domestic, are more likely to influence states' behaviour will be discussed. It will be argued that international factors, geopolitical elements in particular, largely determine the range of options available for the state, while domestic characteristics play a central role in influencing choice of option. However, whether or not the state can achieve its goals with this choice largely depends on its interactions with the other party (or parties) involved.

1. Domestic factors

Not only a number of International Relations analysts but also scholars in such areas as Comparative Politics, Psychology and Sociology emphasise the importance of domestic factors for states' behaviour. Among the various domestic factors, an argument which focuses on relations between regime type and war/peace is the flourishing 'democratic peace', or more broadly 'liberal peace', argument. As will be seen later, not only is there no agreement on this among scholars, but also the criticism is made by realists that this argument does not explain any causal-effect relations. In addition, it seems to be usual that even a dictator has a small number of consultants when he makes

[Reprinted from Klaus Knorr and Sidney Verba (eds.), *The International System: Theoretical Essays* (Princeton: Princeton University Press, 1961), pp.77-92]; and Barry Buzan, "The Level of Analysis Problem in International Relations Reconsidered", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.198-216. One study argues that the so-called 'level of analysis' problem is not strictly one of 'level of analysis' but rather a question of 'unit of analysis'. According to the study, "Every intellectual and 'scientific' study begins with the question of how the subject under scrutiny can be analysed (the problem of methodology). The problem of methodology, in turn, relates to the context within which (or the level at which) we examine the topic. It also relates to what we study at that level, or what the major actor(s) of the subject is (are). The search for answers to the first question (context and level) leads us to the 'level of analysis', and the search for answer to the second question (what to study and actors) to the 'unit of analysis'. And the study identifies three levels: namely, the philosophical, the theoretical, and the

an important decision such as going to war. Thus, the decision-making process deserves attention. Furthermore, from the early 1980s onwards, the cultural approach has been introduced in analysing states' behaviour. Advocates of the cultural approach argue that a state's decisions and/or behaviour are not separable from its culture, which is shaped by shared beliefs, ideas and ideology and historical experiences. These elements (nature of regime, decision-making system, and culture) represent government, bureaucracy and society, respectively, and they are examined below.

1) Type of regime

As mentioned in the section on economic interdependence (Chapter 1), a revival of the argument that liberalism contributes to peace was accelerated by Doyle's article, "Liberalism and World Politics",⁴ in which he examined three aspects of liberalism: namely trade, democracy, and institutions. Correlation between type of regime and states' behaviour, war in particular, is one of the most vigorously researched areas among the second image factors, and has become known as the 'democratic peace' literature.

Since the democratic peace argument assumes a positive correlation between a democratic regime and peace, 'democracy' needs to be defined. Most researchers who have examined the relationship between democracy and peace by statistical methods based their studies on the criteria which Small and Singer selected: 1) free elections with opposition parties; 2) a minimum suffrage of 10 percent; and 3) the existence of a parliament independent of the government in terms of policy-making.⁵ Schweller argues

practical (or phenomenological). See, A. Nuri Yurdusev, "'Level of Analysis' and 'Unit of Analysis': A case for Distinction", *Millennium* 22(1), 1993, p.78.

⁴ Michael W. Doyle, "Liberalism and World Politics", *American Political Science Review* 80(4), 1986, pp.1151-1169.

⁵ Melvin Small and J. David Singer, "The War-Prone of Democratic Regimes, 1816-1965", *Jerusalem Journal of International Relations* 1(4), 1976, p.55. See also Nils Petter Gleditsch, "Democracy and Peace", *Journal of Peace Research* 29(4), 1992, p.370. According to Doyle, the

that these criteria are not sufficient as a definition of democracy and adds some other elements: 1) individual civil rights must be guaranteed; and 2) the society enjoys private property and a free enterprise economy.⁶

Among those criteria, free election is one of the most important indications used to measure democracy, because where there are free elections, it can be assumed that other factors inseparable from democracy, such as the existence of opposition parties and effective parliament, and freedom of speech and assembly, are also satisfied. According to Diamond and Myers:

Elections are “free” when the legal barriers to entry into the political arena are low, when there is substantial freedom for candidates and partisans of different political parties to campaign and solicit votes, and when voters experience little or no coercion in exercising their electoral choices.⁷

One point to be noted here is that these definitions do not necessarily concern the ‘quality’ or ‘maturity’ of democracy. This means that as long as a country satisfies these criteria nominally, even a new-born state where democracy may not be well embedded among the populace is considered democratic. Using these definitions, Serbia, for

definition of ‘representative government’ includes 1) the minimum suffrage be 30 percent; 2) the government must be sovereign over military and foreign affairs; and 3) the government must last at least 3 years. See Michael W. Doyle, “Kant, Liberal Legacies, and Foreign Affairs, Part 1”, *Philosophy and Public Affairs* 12(3), 1983, p.212.

⁶ Randall L. Schweller, “Domestic Structure and Preventive War: Are Democracies More Pacific?”, *World Politics* 44, 1992, p.240.

⁷ Larry Diamond and Ramon H. Myers, “Introduction: Elections and Democracy in Greater China”, *China Quarterly* 162, 2000, pp.366. Diamond and Myers also argue that democratic elections must be ‘fair’ as well. “Elections are “fair” when they are administered by a neutral authority not controlled by the ruling party; when that neutral authority is also sufficiently organized, resourceful and competent to take various precautions to prevent fraud in the voting and vote counting; when the police, the military and the courts treat competing candidates and parties impartially during the campaign, the vote counting and the resolution of any post-election disputes; when competing parties and candidates all have access to publicly controlled (or state-influenced) mass media; when electoral districts and rules do not put opposition parties at a systematic disadvantage; when party and independent monitors may monitor the voting and vote-counting at all locations; when the secrecy of ballot is protected; when the procedures for organizing and counting the votes are transparent and known to all; and when there are transparent and impartial procedures for resolving election complaints and disputes. In addition, an election can only be democratic if essentially all adults have the right to vote.” Ibid., pp.366-367.

example, is regarded as democratic as the United States and other Western states. In addition, the recent vote-counting trouble in Florida State for the US presidential election in 2000 demonstrates that a 'free and fair' election, even in an established democratic country, is hard to secure. Thus, it can be said that democracy is "surprisingly difficult to define and operationalize".⁸

Since Doyle's article, quantitative analysis using statistical methods has flourished, with its exponents declaring that peace tends to prevail among democracies. However, these studies have met criticism, not only from realists, but also from liberal scholars. The pattern of criticism can be divided as follows; 1) positive correlations found in statistical studies do not explain any causal relations between democracy and war;⁹ 2) there is a confusion between explaining democratic peace at a unit level ('democracies are more peaceful than other types of regimes') and dyadic level ('democracies do not fight each other');¹⁰ 3) there are problems related to definitions of war and democracy, and to methodology;¹¹ 4) the positive correlation between democracy and peace is insignificant, because there were few democracies and war was an infrequent occasion even before World War One;¹² and 5) these statistical studies ignore other important

⁸ David E. Spiro, "The Insignificance of the Liberal Peace", *International Security* 19(2), 1994, p.55.

⁹ David A. Lake, "Powerful Pacifists: Democratic States and War", *American Political Science Review* 86(1), 1992, p.24.

¹⁰ Gleditsch, "Democracy and Peace", p.371.

¹¹ On literature which pointed out the problem of definition of democracy, see Ido Oren, "The Subjectivity of the 'Democratic' Peace: Changing US Perceptions of Imperial Germany", *International Security* 20(2), 1995, pp.147-184; Gleditsch, "Democracy and Peace", pp.370-371; and Spiro, "Insignificance of Liberal Peace", p.51; and about definition of war, see Ibid.; and Scott Gates, Torbjørn L. Knutsen and Joanthon W. Moses, "Democracy and Peace: A More Skeptical View", *Journal of Peace Research* 33(1), 1996, p.4. On criticism about the data set used for analysis, see Oren, "The Subjectivity of the 'Democratic' Peace", p.151; and Spiro, "Insignificance of Liberal Peace", p.55; Arvid Raknerud and Håvard Hegre, "The Hazard of War: Reassessing the Evidence for the Democratic Peace", *Journal of Peace Research* 34(4), 1997, pp.385-404, and on the type of statistical analysis used, see Spiro, "Insignificance of Liberal Peace", pp.77-78; and Henry S. Farber and Joanne Gowa, "Politics and Peace", *International Security* 20(2), 1995, p.137.

¹² John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War", *International Security* 15(1), 1990, pp.5-56; Christopher Layne, "Kant or Cant: The Myth of the Democratic

political and military attributes such as extended deterrence and subordination to superpowers,¹³ states' interests,¹⁴ international systemic structure,¹⁵ and the fact that a state needs "the opportunity and a reason" to make a decision to go to war.¹⁶ Since the task of this section is to identify the impact of the type of regime on states' behaviour, the focus will be on the second criticism, regarding the unit and dyadic levels of analysis.

The assumed correlation between democratic government and peace is attributed to domestic institutional constraints such as checks and balances resulting from competitive election and the existence of opposition parties, public opinion based on free speech, individual rights and private property. In liberal thinking, any government in a democratic country has to be accountable to its citizens who will pay for war with blood and tax, and thus, will put pressure on the government in order to avoid waging war. However, there have been many cases in history when public opinion supported waging wars. For example, it is well known that citizens in the United Kingdom and France were enthusiastic about going to war in 1914, and US citizens turned to supporting war against Japan after the surprise attack on Pearl Harbor in 1941. In addition, it is possible for democratic governments to manipulate public opinion through the mass media in order to obtain public support.

Thus, the assumption that the existence of a check and balance mechanism will preclude a government from going to war is too naive. In fact, as examined below, various studies have pointed out that democratic states are no less bellicose than other

Peace", *International Security* 19(2), 1994, pp.5-49; and Erich Weede, "Democracy and War Involvement", *Journal of Conflict Resolution* 28(4), 1984, pp.649-664.

¹³ Ibid.

¹⁴ Farber and Gowa, "Politics and Peace", p.125.

¹⁵ Layne, "Kant or Cant", p.38 and p.45.

¹⁶ Ibid., p.39.

types of regimes.¹⁷ Moreover, most non-democratic states are not fighting wars all the time. That is, there is “*autocratic peace*” as well.¹⁸ Those findings have led to a consensus among scholars that democratic states are not necessarily more peaceful than other types of regimes.

However, democratic states rarely fight wars with each other at a dyadic level. Among possible explanations, the following hypothesis seems to have gained support among advocates of the democratic peace proposition. According to Russett and Antholis, “people in a democracy perceive themselves as autonomous, self-governing people who share norms of live-and-let-live and respect the rights of others to self-determination”. As a result, decision-makers in democratic states are expected not to be aggressive towards other democracies. Since all democratic states are constrained by this norm/culture, they act peacefully in relation to each other.¹⁹ That is, democracies form a community of their own and a separate zone of peace.²⁰ Advocates of the democratic peace argument assert that this can be proven statistically, particularly in the period after World War Two.²¹

¹⁷ See, for example, Steve Chan, “Mirror, Mirror on the Wall ... Are the Freer Countries More Pacific?”, *Journal of Conflict Resolution* 28(4), 1984, pp.617-648; Doyle, “Liberalism and World Politics”; Melvin Small and J. David Singer, “The War Proneness of Democratic Regimes, 1816-1965”; Bruce Russett and William Antholis, “Do Democracies Fight Each Other? Evidence from the Peloponnesian War”, *Journal of Peace Research* 29(4), 1992, pp.415-434; Charles W. Kegley, Jr. and Margaret G. Hermann, “How Democracies Use Intervention: A Neglected Dimension in Studies of the Democratic Peace”, *Journal of Peace Research* 33(3), 1996, pp.309-322; and Raknerud and Hegre, “The Hazard of War”.

¹⁸ Raknerud and Hegre, “The Hazard of War”, p.395. (emphasis in original)

¹⁹ Russett and Antholis, “Do Democracies Fight Each other?”, p.417.

²⁰ Doyle, “Liberalism and World Politics”; Zeev Maoz and Bruce Russett, “Normative and Structural Causes of Democratic Peace, 1946-1986”, *American Political Science Review* 87(3), 1993, pp.624-638; and Lake, “Powerful Pacifists”.

²¹ On literature that proved democratic peace statistically, see Zeev Maoz, “The Controversy over the Democratic Peace: Rearguard Action or Cracks in the Wall?”, *International Security* 22(1), 1997, pp.162-198; John R. Oneal and Bruce Russett, “The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-1985”, *International Studies Quarterly* 41(2), 1997, pp.267-294; John R. Oneal, Frances H. Oneal, Zeev Maoz and Bruce Russett, “The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950-85”, *Journal of Peace Research* 33(1),

This position has, however, met various criticisms. First of all, that there are few wars among democracies does not mean that they are free of 'conflict' with other states, whether democracies or others, in economic and political terms. Second, according to a study which examined the relations between democracy and military intervention between 1974-1991,²² 20% of such intervention was initiated by democracies during the period between 1974 and 1979, and the proportion goes up to 50% between 1986 and 1991. If the initiator and the target were specified between 1974 and 1991, 22% of interventions were initiated by democracies against other democracies, 11% by anocracies²³ against democracies, and 13% by autocracies against democracies. Kegley and Hermann's study indicates that democracy is a rather bellicose type of regime, contrary to the liberals' claim.

Another study which examined four "near miss" cases before World War Two,²⁴ in each of which two democracies were on the brink of war but managed to avoid armed conflicts, demonstrated how realist factors, such as pursuit of national interest and exercise of power politics, played a significant role in the process. They did not go to war, not because they respected each other's liberal norms and culture, but because power relations were the determinant element in their decision-making.²⁵ In addition,

1996, pp.11-28; and Erich Weede, "Some Simple Calculations on Democracy and War Involvement", *Journal of Peace Research* 29 (4), 1992, pp.377-383.

²² In Kegley and Hermann's study, intervention is defined as "a distinct category of militarized international behavior that (1) involves the use of force, (2) often results in the loss of soldiers' lives, and (3) is usually described by the target as a hostile act. Charles W. Kegley, Jr. and Margaret G. Hermann, "How Democracies Use Intervention: A Neglected Dimension in Studies of the Democratic Peace", *Journal of Peace Research* 33(3), 1996, p.311. Distinction of regime type was determined by the following formula, based on Polity data set. Regime type = (Democracy score - Autocracy score) x Concentration. States score 16 and above are defined as democracies, -20 and below as autocracies, and between -20 and 16 as anocracies. See *ibid.*, p.313.

²³ Anocracies are defined as those states "where the characteristics of democracy and autocracy are less differentiated". *Ibid.*

²⁴ Four "near miss" cases are the Anglo-American crises of 1861, and 1895-96, the Anglo-French confrontation in 1898 and the Franco-German confrontation in 1923. For details, see Layne, "Kant or Cant".

²⁵ *Ibid.*, p.38.

democratic Finland's siding with the axis powers during World War Two, which is one of the rare exceptions to the conventional wisdom that democracies do not fight each other, demonstrates what is the most important factor for states' decision-making about war. In the case of Finland, the government chose to join the axis side, against the Parliament's preference, in order to escape being annexed by the Soviet Union. In this sense, democracy does not preclude a government from going to war. However, with a closer look at why Finland had to choose this option, it is obvious that the most important issue for Finland was survival of the state. When a state's survival is at risk, the adversary's regime type must be a secondary or lesser consideration. Moreover, NATO's attack on Serbia in 1999, as a reaction to the latter's use of force against Albanian residents in Kosovo, had negative implications for the democratic peace argument, because this case was a military conflict between democracies, thereby destroying the myth of a separate zone of peace among democracies. NATO did not refrain from attacking Serbia just because the latter was democratic; instead it decided to intervene from the humanitarian point of view. When an immediate threat is faced, the adversary's regime type does not appear influential in decision making for war or use of force.

Furthermore, liberals' assertion that democratic peace is particularly true in the period after World War Two needs more detailed analysis. Although Russett and Antholis argue that "Even when controls for [geographic] distance [among the parties], alliance, wealth, economic growth, and political stability are included in the analysis, an independent explanatory relation for democracy remains" in the post-1945 era,²⁶ the Cold War element cannot be ignored. The world was divided into roughly two blocs and members within a bloc were not only encouraged to cooperate with each other

²⁶ Russett and Antholis, "Do Democracies Fight Each other?", p.416.

economically but also had military ties through various pacts and agreements. Balance of terror by nuclear weapons played an important role in preventing another world war from breaking out. Judging from the fact that democratic peace was made possible by those factors, liberals' assertion with statistical evidence that democracies do not fight each other is too simplistic.

In sum, a democratic government is not necessarily a more peaceful type of regime than others. It may, rather, be bellicose when it needs to defend its values, and may appear to be expansionist in others' eyes when it tries to spread liberal democracy in the world, particularly through 'peaceful evolution' which is an attempt by Western countries, and the United States in particular, to eliminate undemocratic government through penetration of liberal and democratic values among the citizens. Citizens, familiar and comfortable with such values, are expected to replace a dictator with a democratic government.

Although democracies rarely fight wars with each other, they do so when their vital interests are at risk. The mechanism for war to break out is more complex than liberals generally expect. First of all, there must be a conflict of interests between the parties concerned, where these interests are vital to at least one party. Then, the decision to go to war is made by assessing various factors, including at least: the state's relative military capability vis-à-vis its adversary (or adversaries), the goals and intention of the other party (or parties) with regard to the conflict issue, the economic burden of transforming the peacetime economy to a war-time economy, the cost of redistributing available resources, whether it is possible to secure necessary resources and materials during the war, international pressure including economic sanctions and military intervention by a third party (or parties), and compatibility with the pursuit of other national goals. In the case of Finland during World War Two, it faced a problem of how it could survive. In

the case of the Kosovo operation, NATO nominally placed the humanitarian factor higher than respect for another democracy, Serbia. However, it is widely believed that the real intention of NATO with regard to the Kosovo operation was to satisfy the concern of European NATO members, such as Germany, to maintain stability in their 'backyard'. When a vital interest is at stake, the realist factor (pursuit of national interest) becomes dominant.

Military interventions also cannot be free from another realist factor, namely, power politics. If intervention is classified by type of regime, democracies intervene more than other types of regime. However, if they are classified according to power, the tendency is for greater powers to intervene against smaller powers. For example, use of force by the US has always been against what it perceived as militarily weaker states which were threatening US interests in one way or another; against North Korea, North Vietnam, Libya, Iraq and Serbia. Comparison of human rights abuse by Serbia against ethnic Albanians, by Russia against Chechenya, and by China against Tibetans and Moslems in Xingjinag may be interesting. The US decided to use force against Serbia, but has not done so against the Russians or the Chinese. In addition, the potential threat posed by Russia or China to US security was much bigger than that posed by Serbia. Why is this? From the realist point of view, the answer is easy. Fighting with the Russians or the Chinese could mean escalation to World War Three. More important, however, seems to be fear that the US homeland could be brought into war, or even partially destroyed by the adversary's nuclear weapons. In the case of Serbia, there was no such possibility. It is a rational choice for the US government to place its own security higher than human rights abuse in other states. Thus, there are always realist factors behind any kind of use of force, even in the name of humanitarian intervention.

The essential problem for the democratic peace argument is that it lacks a deep analysis of what causes war and how it starts. It tends to pick up certain variables such as economic growth, trade relations and whether or not the adversary is a military ally, and compare them to find out which one is more influential than others. However, going to war is a matter of a political decision on a life and death issue, not a matter of probability, or of consideration about the adversary's type of regime.

2) Decision-making system

Richard Neustadt's 1960 book, *Presidential Power*, stimulated studies on the decision-making process. Although this book mainly demonstrated how the US president makes himself influential and how he exercises his power and influence, it also showed that the process of decision-making in a government is an arena of bargaining.²⁷ Between then and the late 1970s, decision-making processes were vigorously researched.

Particularly important is Allison's *Essence of Decision*. In this book, Allison demonstrated three models, using the Cuban Missile crisis as a case study; namely, the rational actor model, the organisational process model and the governmental politics model.²⁸ The rational actor model assumes that a state, or government, is a unitary actor that chooses the most rational among all possible options. However, in the real world, it is quite difficult for a government to satisfy this assumption. Reasons for this are various: not all decision-makers are rational; they may misperceive and misjudge the adversary's intention and/or the situation as a whole, particularly under conditions of inadequate information and/or time limitation under great pressure; or they have to compromise, to a greater or lesser degree, in order to be consistent in pursuing other goals.²⁹ In addition,

²⁷ Richard Neustadt, *Presidential Power: The Politics of Leadership* (New York: Wilkey, 1960).

²⁸ Allison, *Essence of Decision*.

²⁹ Greg Cashman, *What Causes War?: An Introduction to Theories of International Conflict* (San Francisco: Lexington Books, 1993), pp.78-81.

each state has a bureaucracy, or small group of consultants at least, to assist the making of decisions, from the routine to the most important. If this is the case, the decision-making process needs to be analysed.

Allison later combined and developed his other two models, the organisational process and the governmental politics models, as the bureaucratic politics model, in cooperation with Morton Halperin.³⁰ According to a study which examined Allison and Halperin's works, the bureaucratic politics model is composed of the following four factors; 1) bureaucracy is made up of various organisations and numerous individuals whose goals and interests vary, thus rejecting the rational actor model; 2) the president is merely one of the decision-makers, though his influence may be more significant than that of others; 3) the outcome, a decision, is not necessarily rational because it is a product of bargaining and compromise by decision-makers and 4) although a decision is made, there is no guarantee that it is implemented as planned, due to various types of errors and/or ignorance by those who are opposed to the decision.³¹ The major characteristics of the bureaucratic politics model are that 1) decision-makers' attitudes towards a particular issue reflect the interests of the organisations they belong to; thus, they tend to pursue organisational objectives rather than national interest, and 2) as a result of conflicting interests and propositions among decision-makers, the decision-making process becomes an arena of bargaining and negotiations of which the outcome (decision) usually does not lead to a radical policy change, because it is easier to find consensus. Therefore, decisions are not necessarily rational.

³⁰ Graham T. Allison and Morton Halperin, "Bureaucratic Politics: A Paradigm and Some Policy Implications", in Raymond Tanter and Richard H. Ullman (eds), *Theory and Policy in International Relations* (Princeton: Princeton University Press, 1972), pp.40-79.

³¹ Jerel A. Rosati, "Developing a Systematic Decision-Making Framework: Bureaucratic Politics in Perspective", *World Politics* 33(2), 1981, pp.236-238.

However, these arguments have met criticisms. Krasner, who counter-argued against Allison's *Essence of Decision*, asserts that 1) the organisational process model and governmental politics model underestimate the role of the president who alone had authority to make a final decision; 2) if the bureaucracy played a significant role, it was because the president allowed it to do so; however, 3) in the case of the Cuban Missile crisis, regular bureaucratic procedure was marginalised by creating a small group of consultants (Executive Committee, or ExCom), in which President Kennedy played a decisive role, and 4) when a state faces a possibility of war, national interest dwarfs bureaucratic interests.³² Regarding the first criticism, there is a question about whether the president was just one of the decision-makers. Under the conditions that other ministers were hired (and could be fired) by the president, they are in general loyal to the president. That means not only that the president can make use of his influence, but also that there may not be a big debate over whatever issue is at stake.³³

So, to what extent is the bureaucratic politics model relevant to states' behaviour? The answer to this question needs to be examined from a number of aspects. As Krasner pointed out, too much emphasis on the role of the bureaucracy may result in underestimating the extent to which the elected president is accountable to his democratic constituency for his decisions. However, in a country like Japan, where the prime minister is not directly elected although he is assumed to be accountable, the role of the bureaucracy is more important than in the United States.

The next factor to be pointed out is that the character of the political leader may determine the role of the bureaucracy. A study which compared the attitude of the Johnson and Nixon administrations towards the SALT I pointed out that under President

³² Stephen D. Krasner, "Are Bureaucracies Important? (Or Allison Wonderland)", *Foreign Policy* 7, 1972, pp.168-174.

³³ Cashman, *What Causes War?*, p.97.

Johnson the role of the bureaucracy was relatively significant because he preferred consensus among decision-makers, while President Nixon used the bureaucracy by merely letting it submit all options to him so that he himself could make a decision after studying those options.³⁴ It is obvious that the role of the bureaucracy was much less significant under Nixon than under Johnson.

However, regardless of the top leader's character, the more critical the issue is, the more it is likely that he will be involved in decision-making. Although the United States felt the Soviet threat during the Cold War, the negotiations over SALT were not regarded as urgent compared to the Cuban Missile crisis, when the possibility of World War Three breaking out seemed high. Facing such a situation, any top leader is expected to play a decisive role in making the best possible decision quickly. In this case, the regular bureaucratic procedure is more likely to be circumvented, by creating an *ad hoc* committee for intensive debate and quick decision-making, as in the case of ExCom in the Cuban Missile crisis.

Another important factor is that the bureaucracy is merely one of the elements which influences the decision-making process. As Halperin argues, "Domestic politics in the United States, public attitudes, and the international environment all help to shape decisions and actions. Senators, congressmen, and interest groups are involved to varying degrees, depending on the issue. The relevant departments of the federal bureaucracy are involved, as is the President, at least on major issues ... Each wants the government to do different things, and each struggles to secure the decisions and actions he thinks best".³⁵ In addition, military leaders sometimes play a significant role in decision making, particularly in many developing countries where the government faces

³⁴ Rosati, "Developing a Systematic Decision-Making Framework", pp.239-245.

³⁵ Morton H. Halperin, *Bureaucratic Politics and Foreign Policy* (Washington D.C.: Brookings Institution, 1974), pp.4-5.

various security problems, both international and domestic and thus depends heavily on the military for regime survival. Under these circumstances, the government may have to compromise with the opinion of the military, by taking a harder line than it would prefer. Thus, finding a positive correlation between the bureaucratic factor alone and states' decisions and behaviour is almost impossible.

Finally, the problem of implementation needs to be mentioned. Even if a rational decision is made, there is no guarantee that it will be carried out as planned. Occasionally, the decision does not result in the expected outcome due to human or non-human errors, corruption, accidents, resistance to implementation at a lower level of an organisation and lack of mechanisms for command, control and communication. In Allison's eyes, the U.S. Navy's failure to carry out a blockade of Cuba in accordance with presidential orders is an example of the former's resistance to a political decision. The Navy had its own standard operational procedure for blockade. In the case of the Cuban Missile crisis, the blockade line was set as far as possible from Cuba. However, President Kennedy decided to set this line far closer to Cuba, in the face of the Navy's opposition, so that ships from the Soviet to Cuba would have more time before quarantine, thus giving the Kremlin more time to make a decision on its response. However, the outcome was that the Navy operated the blockade in accordance with its original procedure.³⁶ This case demonstrates not only how an attempt to change standard operational procedure can meet bureaucratic resistance, even in an emergency situation, but also how this resistance could influence the implementation of a decision.

Implementation may also be cancelled or delayed by another political decision. For example, during the Cuban Missile crisis, President Kennedy accepted the ExCom's

³⁶ Allison, *Essence of Decision*, pp.129-132.

recommendation that the US should strike the missile site in Cuba if a U-2 were shot down. However, when a U-2 was actually shot down, the president withheld the attack.³⁷

In sum, policies are shaped by factors such as domestic politics, the international environment about an issue at stake, and public opinion as well as bureaucracy. Although this is not to say that bureaucracy is insignificant in the decision-making process, it is difficult to find a direct correlation between bureaucracy and decision-making. After a decision is made, it is not necessarily carried out as planned, due to a number of factors such as errors, accidents, and resistance by the bureaucracy. Since so many factors are involved in the decision-making process and implementation, proving a direct connection between the nature of decision-making systems and states' behaviour seems almost impossible. Given that identifying causal relations between bureaucracy and decision-making is quite difficult, even in a case like the Cuban Missile crisis, theorising about the effect of bureaucracy on states' behaviour appears sterile.

3) Culture

International Relations theory, particularly as it relates to security studies, has traditionally been dominated by the realist school of thought, which emphasises the effect of distribution of power on states' behaviour. However, attempts to seek explanations of states' behaviour from other perspectives have become increasingly common, particularly since the 1970s. The cultural approach is one such attempt.

While the 'strategic culture' debate introduced a cultural dimension into security studies in the late 1970s, it had already attracted attention in the field of comparative politics in the 1950s, when a study area called 'political culture' was established. Although many scholars agree that the cultural aspect is important, it seems also to be

³⁷ Ibid., p.140.

true that it is difficult to prove which aspects of culture (be it political culture or strategic culture)³⁸ directly influence states' behaviour.

What makes the cultural approach appear confusing is the difficulty of defining the terms 'culture', 'political culture' and 'strategic culture'. According to the Longman dictionary, culture is defined as 'the customs, beliefs, art, music, and all the other products of human thought made by a particular group of people at a particular time'.³⁹ The definition of political culture is "a particular distribution in a particular nation of people having similar or different political attitudes, values, feelings, information, and skills",⁴⁰ while that of strategic culture is "a distinctive and lasting set of beliefs, values and habits regarding the threat and use of force".⁴¹ From these definitions, it is safe to infer that the essence of culture contains at least the following two aspects: the psychological aspect that refers to beliefs, values and feelings, in Elkins and Simeon's term "mind set";⁴² and a behavioural pattern such as attitudes and customs which reflects the psychological aspect. However there is something between the 'mind set' and

³⁸ Elkins and Simeon admits that political culture is "one of the most popular and seductive concepts in political science; it is also one of the most controversial and contested". See David J. Elkins and Richard E.B. Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", *Comparative Politics* 11(2), 1979, p.127. And Ken Booth mentions that strategic culture is a "contested but essential concept". Ken Booth and Russell Trood, "Preface", in Booth and Trood (eds.), *Strategic Cultures in the Asia-Pacific Region*, p.vii.

³⁹ *Longman Dictionary of English Language and Culture*, 1992.

⁴⁰ Gabriel A. Almond, "Political Socialization and Political Culture", in Gabriel A. Almond (ed), *Comparative Politics Today: A World View* (Boston and Toronto: Little, Brown and Company, 1974), p.50. Almond originally defined political culture as 'a particular pattern of orientation to political action'. See Gabriel A. Almond, "Comparative Political Systems", *Journal of Politics* 18(3), 1956, p.396. Orientation "refers to the internalized aspects of objects and relationships. It includes (1) "cognitive orientation", that is, knowledge of and belief about the political system, its roles and the incumbents of these roles, its inputs, and its outputs; (2) "affective orientation", or feelings about the political system, its roles, personnel, and performance, and (3) "evaluational orientation", the judgements and opinions about political objects that typically involve the combination of value standards and criteria with information and feelings". Gabriel A. Almond and Sidney Verba, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton: Princeton University Press, 1963, p.15.

⁴¹ Alan Macmillan, Ken Booth and Russell Trood, "Strategic Culture", in Ken Booth and Russell Trood (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999), p.8.

⁴² Elkins and Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", p.128.

behaviour which bridges the two. This is what Keesing recognises as a "set of control mechanisms" which refers to rules, plans and instructions.⁴³ According to Keesing, shared values and beliefs form rules and norms, and people behave in accordance with these rules and norms. In any case, the term culture is a broad concept which covers the process from mind set to behaviour. Although there seems to be no agreement about what shapes culture and which elements, including states' behaviour, should be evaluated as culture itself,⁴⁴ it has also been pointed out that an attempt to define culture clearly is a pitfall.⁴⁵ Since identifying the boundary of culture is beyond the scope of this section, the task of which is to examine the extent to which the cultural approach is useful in explaining states' behaviour, referring to that culture as a broad and vague but important concept should be sufficient.

How, then, is the cultural approach important for understanding and predicting states' behaviour? Before seeking an answer to this question, which aspect of culture is more relevant to states' behaviour needs to be examined. According to Duffield, choosing an appropriate cultural approach among many is the biggest challenge for its advocates.⁴⁶ Since the relevant aspects of culture for this chapter are political culture and strategic culture, they are the focus here.

⁴³ Roger M. Keesing, "Theories of Culture", *Annual Review of Anthropology* 3, 1974, pp.73-97.

⁴⁴ Whether behaviour should be included in culture or not is under debate in the strategic culture argument, particularly between Alastair Iain Johnston and Colin Gray. The former regards strategic culture as a variable to explain states' strategic behaviour, while the latter includes behaviour in culture. Besides, they also differ over whether or not technology and geography should be included. See Alastair Iain Johnston, "Cultural Realism and Strategy in Maoist China", in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), particularly pp.221-222; Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton: Princeton University Press, 1995), chapter 1; and Gray, "Strategic Culture as Context". My position is nearer to that of Johnston.

⁴⁵ Elkins and Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", p.127. See also Gray, "Strategic Culture as Context", p.50.

⁴⁶ John S. Duffield, "Political Culture and State Behavior: Why Germany Confounds Neorealism", *International Organization* 53(4), 1999, p.774.

According to Johnston, “there are consistent and persistent historical patterns in the way particular states (or state elites) think about the use of force for political ends”.⁴⁷ He sees strategic culture as a useful tool to help understand a state's behavioural pattern, and thus regards it as a strong explanatory variable for states' behaviour. It is true that how force is used is strongly influenced by a state's strategic thinking and its “limited, ranked set of grand strategic preferences”,⁴⁸ but whether or not a state actually uses force in a particular circumstance belongs to the higher level of political judgement. Decision-makers are expected to scrutinise alternatives to using force, and when they are attempting to reach a consensus on whether or not to resort to war, they have to calculate its costs and benefit from various angles, as mentioned earlier. In addition, the influence of domestic politics and bureaucracy cannot be ignored. In particular, the more democratic a state's decision-making system, the more these factors are likely to be influential. Even if decision-makers easily agree to use force, at least when to launch an attack and at what level may be subjects of intense debate among them. Thus, the decision on whether or not to use force is too broad for strategic culture to explain. As Macmillan *et al.* suggest, it is reasonable to regard “*strategic culture* as being the military dimension of *political culture*”.⁴⁹ Since strategic culture cannot explain the full range of states' behaviour, political culture seems to be a more appropriate approach.⁵⁰

Let us go back to the question of the significance of the cultural approach for explaining states' behaviour. Advocates of the cultural approach, such as Booth and Trood, argue that culture, along with anarchy and distribution of power, is an important

⁴⁷ Johnston, *Cultural Realism*, p.1.

⁴⁸ Ibid., p.38; and Johnston, “Cultural Realism and Strategy in Maoist China”, p.223.

⁴⁹ Macmillan, Booth and Trood, “Strategic Culture”, p.11. (emphasis in original)

⁵⁰ Duffield, “Political Culture and State Behavior”, p.776.

element in explaining the diversity of states' behaviour.⁵¹ Another scholar demonstrates that the cultural approach as an explanatory variable is useful in the following ways: culture is an element that shapes states' basic goals, perceptions of the international environment, norms and rules that behaviour is expected to follow, and culture influences the formation of 'ranked preference' among decision-makers.⁵² However, there are a number of other factors, including those that are in general culturally neutral, such as science and technology, that also influence states' behaviour. Although the whole process from formation of mind-set to behaviour may be a reflection of the state's political culture, it is difficult to differentiate political culture as an independent explanatory variable. It should rather be regarded as complementing other variables,⁵³ such as anarchy and distribution of power.

Finally it must be pointed out that the cultural approach, and strategic culture in particular, is not totally independent of the balance of power element. As mentioned earlier, the strategic culture argument was introduced in order to criticise neorealism, which assumes that states' behaviour can be explained by structural constraints (anarchy and distribution of power). The core argument of the advocates of strategic culture is that neorealism cannot explain why states behave differently when they occupy a similar position in the international system, but culture can. Although such questions as 'what shapes culture?' and 'what is culture?' are under debate,⁵⁴ it is generally agreed that geography and shared historical experience contribute to shaping culture. But how the strategic culture argument sees the balance of power element is unclear. Even Johnston.

⁵¹ Booth and Trood, "Preface", p.vii.

⁵² Duffield, "Political Culture and State Behavior", pp.771-772.

⁵³ Elkins and Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", p.140.

⁵⁴ Grey, "Strategic Culture as Context", particularly pp.49-56.

who developed rigorously the definition and methodological issues relating to strategic culture, is peculiarly silent about it.

According to Johnston, strategic culture is “an integrated system of symbols”, which is comprised of two parts. One is the “basic assumptions about the orderliness of the strategic environment, that is, about the role of war in human affairs (whether it is aberrant or inevitable), about the nature of the adversary and the threat it poses (zero-sum or variable sum), and about the efficacy of the use of force (the ability to control outcomes and eliminate threats and the conditions under which it is useful to employ force)”, and the other is assumptions “about what strategic options are the most efficacious for dealing with the threat environment”.⁵⁵ However, there is no clear explanation about how they were formed as culture. Whether war is aberrant or inevitable depends on the issue at stake and interaction between the parties concerned. Whether a state can control outcomes and eliminate threats mainly depends on its relative capability vis-à-vis the other party. It is natural to assume that a small and weak state which has frequently been threatened by its bigger and stronger neighbour will tend to develop a defensive strategic culture. This is not a matter of preference or choice; it is, rather, the only option available. Conversely, a bigger and stronger state has more options vis-à-vis its smaller and weaker neighbour, and it tends to be aggressive. Thus, strategic culture cannot ignore the geopolitical factor, which may be decisive in shaping it.

In sum, strategic culture is partly a product of geopolitics and is better considered as a part of a wider culture, namely, political culture. Although the cultural element can be observed to lie behind states' behaviour, behaviour is shaped by other factors as well. Thus, Elkins and Simeon seem to be right in pointing out that “culture as an explanation

⁵⁵ Johnston, “Cultural Realism and Strategy in Maoist Era”, p.222 and p.223.

is seldom direct and seldom operates alone". In addition, because culture is essentially a psychological phenomenon, it is difficult to identify it. Culture should be identified using other filters such as norms and rules which generally determine codes of conduct. Therefore, culture is "generally permissive and almost always acts in conjunction with other variables".⁵⁶ However, these norms and rules can be distorted during the process of decision making and implementation. As a result, the final outcome, behaviour, could be quite different from what was assumed from observing culture. Thus, it can be concluded that culture can be identified through states' behaviour, but the latter cannot be understood from the former alone.

2. Other elements

1) Personality of decision-makers

Since decision making is a product of various activities of human beings, each decision reflects decision-makers' values and preference. Thus, knowing the relations between decision-makers' personality and pattern of behaviour may contribute to an understanding of states' behaviour, particularly where the regime is a dictatorship.

The formation of individuals' personality is deeply connected with the degree of satisfaction of various basic needs, which are considered to form a hierarchy.⁵⁷ Most essential are 'physiological' needs, which refers to needs for food, water, sleep, sex and so forth. What seems to be interesting is that a person who lacks not only food, but also safety, love and self-esteem tends to be hungry most of the time, thereby being deeply attached to eating.⁵⁸ This is not only because he is hungry, but also because he is trying

⁵⁶ Elkins and Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", p.140.

⁵⁷ The subsequent sentences are based on A.H. Maslow, "A Theory of Human Motivation", *Psychological Review* 50(4), 1943, pp.370-396.

⁵⁸ Maslow, "A Theory of Human Motivation", p.373.

to compensate for needs that are not satisfied by making his stomach physically full. This type of person tends to seek power in the future.⁵⁹ It is also understood as an attempt to compensate, because it is easy to assume that he may be able to get whatever he wants when he obtains power of some sort. When physiological needs are satisfied, other higher needs emerge, namely, safety needs which refer to a person's need to ensure the environment for his own survival (for example, freedom from fatal diseases, irrational and harsh treatment and fear of being killed arbitrarily). Then a new cycle starts. The other needs are love needs, which refers to needs for love, affection and a sense of belonging, and esteem needs, which refer to the need for self-respect and for the respect of others. A person who is high in self-esteem tends to be confident and have a feeling of his own indispensability. This type of person is likely to be opposed to violence and the use of force, while a person with low self-esteem tends to be hostile and aggressive, thereby not so sceptical about the effectiveness of violence. The last, and the highest, need is self-actualisation, which refers to the need for self-fulfilment by achieving in the specific field in which he has potential. What should be pointed out here is that the degree of satisfaction does not need to be 100 percent. Ordinary people are assumed to be satisfied, more or less, in all needs.

How these needs are satisfied is also important. Basically, childhood experience, particularly relations with one's parents, plays a central role in forming personality. The fundamental needs of new-born babies are safety, food and love to be provided by their parents. If a baby is not welcomed by his/her parents, he/she comes to be unable to give and receive love towards others at a certain age, thereby making his/her personality apathetic and aggressive.⁶⁰ Another instructive example is that a person who has

⁵⁹ Cashman, *What Causes War?*, p.39.

⁶⁰ Maslow, "A Theory of Human Motivation", p.386.

experienced abuse by his/her parents in childhood tends to abuse his her own child when he/she becomes a parent, because a person tends to treat others as he she was treated by others. As these examples show, childhood experience not only shapes the outline of the individual's personality but also forms his/her motivations and pattern of behaviour in the future.

Moreover, birth order is also considered to have some impact on personality formation. According to Stewart,

The first-born male has the greatest experience of dominance and of successful intervention in the affairs of others. The middle-born son, starting life in a position of dependence and relative weakness, gains later on an opportunity for dominance, having the most experience in mediation. The last-born son is from beginning to end in a position of dependence and relative weakness, probably harboring the greatest resentment toward all authority. Both the middle- and the last-born son, in view of their relatively weaker positions, have a greater need than the first-born son for devious and subtle tactics as well as appeals to "higher authority". The only child, dealing entirely with "higher authorities" whose favors he need never share, is most at home on center stage and least vulnerable to peer rivalry".⁶¹

However, it should not be forgotten that the environment in which he grew up, and interactions with others, also influence a person's motivations and behaviours. For example, Mao Zedong's character was strongly related to a psychological conflict with his father. However, it is obvious that such factors as concern about China's colonial status, anger towards great powers' bullying China and the Qing dynasty's weak government, and association with two teachers who introduced Mao to Leninism-Marxism also played a significant role in forming his political beliefs.

Along with political beliefs, there are some factors that can influence political leaders: (1) the leader's political style; (2) the leader's motivation for seeking a political leadership position; (3) the leader's reactions to stress and pressure; (4) the manner in

which the leader was first recruited into a political leadership position; (5) the leader's previous political experience; and (6) the political climate when the leader was starting out. The first four factors are identified as the leader's personality, while the others are categorised as information about the leader's background.⁶² If a leader believes that the world is hostile, he will prefer hard-line policies. If he prefers to examine all options by himself, rather than letting the bureaucracy or advisors do this job, so as for him to make a final decision, his personality is more likely to be reflected in policy. If the leader obtained his leadership position through a coup d'état, he is more likely to fear his subordinates, in fear that he himself could be ousted by the next coup.

A study which examined 13 US presidents (from T. Roosevelt to Ford) in the twentieth century in terms of motives (achievement, affiliation and power motives) by analysing their inaugural speeches revealed interesting results. Before looking at the findings, it is necessary to know what these motives refer to. A person who is 'achievement motivated' is strongly concerned with excellence and long-term involvement. He is fairly good in competition and can take moderate risk. He tends to choose his advisors based on their professionalism and is flexible enough to modify his beliefs and behaviour in accordance with his professional advice. Thus, he is expected to be cooperative, and least likely to employ military action. This type of person is considered to fit better in the sphere of entrepreneurship than the sphere of politics. A person who is high in 'affiliation motive' is concerned with establishing long-term, warm friendships with others. Since he is sociable, he spends his time talking with his associates, who are chosen by the criterion of friendship rather than professionalism. His desire to maintain warm relations with others sometimes leads him to compromise with

⁶¹ Louis H. Stewart, "Birth Order and Political Leadership", in Margaret G. Hermann (ed), *A Psychological Examination of Political Leaders* (New York: Free Press, 1977), p.234.

or be easily influenced by them. In circumstances of low risk and low pressure, he is cooperative, but when the level of pressure and risk is high, he starts vacillating between defensiveness and exploitation, thus becoming manipulative, due to anxiety. A person who is high in 'power motive' is concerned with his prestige, his influence on and his reputation with others. As a consequence, he tends to be hostile towards those who are higher in power and status than himself on the one hand, and chooses associates with lower status than him on the other hand. This tends to lead him to act exploitatively. He does not mind taking great risks, prefers hard-line policies, and is thus, more likely to employ military actions, and sometimes does things that trigger strong emotional reactions from others.⁶³ Since he acts energetically in pursuit of his policies, combined with the characteristics above, this type of president is most likely to be a target of assassination.⁶⁴

Now let us go back to the findings. The results revealed that those whose achievement motive is high tend to display high levels of power motive but low levels of affiliation motive. Conversely, those whose achievement motive is low tend to be low in power motive but high in affiliation motive. Thus, the standard pattern is either HHL (High achievement motive/ High power motive/ Low affiliation motive) or LLH. Those with the pattern of HHL are T. Roosevelt, F.D. Roosevelt, and Johnson, while those with LLH pattern are Eisenhower and Ford. Amazingly, presidents before World War Two tended to be LLL, except for T. Roosevelt, and only one president, Kennedy, had a HHH pattern. Truman (LHH) and Nixon (HLH) held irregular patterns.⁶⁵

⁶² Margaret G. Hermann, "Ingredients of Leadership", in Margaret G. Hermann, *Political Psychology* (San Francisco and London: Jossey-Bass Publishers, 1986), pp.173-174.

⁶³ David G. Winter and Abigail J. Stewart, "Content Analysis as a Technique for Assessing Political Leaders", in Margaret G. Hermann (ed), *A Psychological Examination of Political Leaders* (New York: Free Press, 1977), pp.44-48.

⁶⁴ Ibid., p.58.

⁶⁵ Ibid., p.53, Table 2.3 Motive Scores from Presidential Inaugural Speeches, 1905-1974.

Most of the presidents with high power motives were targets of assassination, namely, the two Roosevelts, Truman and Kennedy. President Nixon's involvement in the Watergate scandal was explained by suggesting that his high achievement motive may have led him to become involved with illegal action. If he perceived this illegal action as the only one option to pursue his goal (re-election), he would have taken risks. He was also high in affiliation motives. This means that he was relatively vulnerable to those who treated him in a way he felt comfortable with, thereby making himself scandal-prone.⁶⁶ In the case of President Ford (LLH pattern), he was not seen as a strong and tough president by Americans. However, withdrawal from Vietnam and encouragement of arms control talks can be seen as a reflection of his high affiliation motive.⁶⁷

However, this method is not infallible. For example, President Johnson was HHL, and President Nixon was HLH. Concentrating on the affiliation motive (the last), the former would be expected to examine and make all important decisions by himself rather than depending on the bureaucracy, while the latter would be assumed to allow the bureaucracy to examine the imminent issue and submit a small number of options so that the president could make a final decision. However, as mentioned in the section on decision making systems, these two presidents acted counter to these expectations.

In sum, as long as decision making is a human action, it is natural to assume that decision makers' beliefs, values and preferences are reflected in their decisions to various degrees. These beliefs, values and preferences are formed by their childhood experience, relations with their parents, birth order, the environment they grew up in and social interaction with others, and influence decision-makers' performance. However, it should be remembered that states' behaviour is influenced by other factors, including domestic

⁶⁶ Ibid., p.54.

⁶⁷ Ibid., p.60.

politics, bureaucracy and interactions with the other party to the conflict. Thus, no state's behaviour can be reduced to the top decision maker's personality.

2) Perception/misperception

Assuming that states usually perceive, make decisions and behave rationally, the element of misperception is considered as the 'key variable' of non-rationality.⁶⁸ Although the impact of misperception on states' behaviour has attracted academic attention through Jervis' famous book, *Perception and Misperception in International Politics*,⁶⁹ study in this area has not developed significantly, particularly in terms of theorisation. The major reason for this is, as Jervis himself admits, that "War has so many causes – in part because there are so many kinds of wars – and misperception has so many effects – again in part because there are so many kinds of misperceptions – that it is not possible to draw any definitive conclusions about the impact of misperception on war".⁷⁰ This section tries to identify the impact of perception/misperception on states' behaviour by reconstructing Jervis and other researchers' studies in this area in the light of questions such as which factors states misperceive, how misperception is formed and how perception and misperception influence states' behaviour.

In order to make the right decision and behave correctly, a state needs to know how the other side will behave. However, it is quite difficult to achieve this purpose, due to such factors as inadequacy or lack of information, miscommunication between parties, and miscalculation and misjudgement about the adversary's intention. As a result, there is often a gap between what a state expects to see and what really is. What causes this gap

⁶⁸ Jack S. Levy, "Misperception and the Causes of War: Theoretical Linkage and Analytical Problem". *World Politics* 36(1), 1983, p.77.

⁶⁹ Jervis, *Perception and Misperception in International Politics*.

⁷⁰ Robert Jervis, "War and Misperception", in Robert I. Rotberg and Theodore K. Rabb, *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), p.101.

is considered as misperception, defined as “inaccurate inferences, miscalculations of consequences, and misjudgments about how others will react to one's policies”.⁷¹

(1) Areas of misperception

So which factors do states tend to miscalculate and misjudge? These factors can be classified as two types: those which are derived from the state itself (state *A*), and those which involve its adversary (states *B*).

i. Misperception which is derived from the state itself

Probably the easiest element to misjudge but the one where misjudgement is most difficult to discern is *A*'s image of *B* (friendly or hostile; trustworthy or untrustable). Since human beings tend to see what they want to see, or what they expect to see, a person's image of others is easily formed based on his expectation towards them, although it may be quite different from how they really are. This pattern can be applied to images among states. Thus, after *B* acts counter to what *A* had originally expected, *A* recognises its misperception about *B* and has to modify its image of *B*. The next factor seems to be overestimation or underestimation about its own military capabilities. This is because *A* estimates its own military capabilities based on its *absolute* capabilities (such as the number of personnel, number and types of weapons system, the effectiveness of C³I and so forth). However, power must be compared and estimated on a *relative* basis. For example, *A*'s absolute military capabilities may be greater than *C*'s, but may not match *B*'s. Thus, a calculation depending solely on its absolute capabilities could bring *A* devastation. Another factor is that *A* does not know how it will behave in the future.⁷² The typical example of this case is Japan's chaotic contemporary discussion about how to defend itself and how it should contribute to maintaining regional peace and security.

⁷¹ Ibid. Levy's definition is as follows; “Misperception involves a discrepancy between the psychological environment of the decision makers and the operational environment of the ‘real world’”. Levy, “Misperception and the Causes of War”, p.79.

particularly if 'an event' (military conflict) breaks out in 'an area surrounding Japan'. The Japanese government's indecisive attitude towards possible military conflict across the Taiwan Strait can be seen as 'strategic ambiguity' in many foreigners' eyes. However, it is viewed as merely a lack of grand strategy about national defence in ordinary Japanese eyes. And the most serious misjudgement in this category is that *A* cannot correctly perceive what is the current situation now and how it will be developed.⁷³ Particularly important for the latter factor is the possibility of involvement by a third party, and that third party's intentions.⁷⁴ It is well known that the United States misperceived the possibility of China's involvement in the Korean War, believing that the Chinese would not participate in the war. As a result, the war was prolonged and the US-led international armed forces had to retreat from Pyongyang.

ii. Misperception which concerns the adversary

As *A* can misperceive *B*, *A* can also misperceive *B*'s image of *A*.⁷⁵ Human beings tend to apply their way of viewing others to themselves. For example, if *X* likes (or hates) *Y*, *X* tends to perceive that *Y* also likes (or hates) *X*. In many cases this is correct. However, degree of affiliation towards others can change from time to time quite easily. Thus, if *X* believes that *Y* likes him as long as he likes *Y*, it could cause trouble. The same applies to international relations. As *A* can miscalculate its own capabilities, *A* can also miscalculate *B*'s capabilities.⁷⁶ This is caused in two ways. The first is that *A* simply miscalculates *B*'s absolute capabilities, due to a lack of or delay in securing information. The second is that *A* could overestimate or underestimate *B*'s relative capabilities vis-à-vis *A*, even if *A* estimated *B*'s absolute capabilities correctly. Another, probably more

⁷² Jervis, *Perception and Misperception in International Politics*, p.54.

⁷³ Ibid., p.56.

⁷⁴ Levy, "Misperception and the Causes of War", p.82.

⁷⁵ Jervis, "War and Misperception", pp.120-121.

important, factor is misperception about the adversary's intentions⁷⁷ and perceptions. For example, *A* may judge that *B*'s intensive purchase of advanced weapons is a sign of expansionist purpose, while *B* is merely upgrading its outdated weapons. However, the most serious misjudgement seems to concern that the adversary's political will. Even if a state is ambitious and has excellent military capabilities, its government will not necessarily decide to use them, for reasons of timing, compatibility with other goals to be pursued, and so forth. Conversely, if a government is determined to act aggressively towards neighbouring states, it will do so regardless of its level of military capability. Thus, believing that *B* will not attack *A* just because *B*'s military capabilities are inferior to *A*'s is naive.

(2) The process of forming misperception

The next question is how and why these misperceptions are induced. There are a number of psychological elements. The first factor is a psychological bias based on affiliation. For example, if *A* likes *B*, *A* tends to take *B*'s conduct as amicable and favourable. However, if *A* hates *B*, the same conduct might be judged as hostile. Thus, this bias could preclude a state from making a rational decision by misjudging the adversary's intention and perception.

The next factor is what Jervis calls 'cognitive bias'. This is composed of four elements; reciprocity effects (if *A* likes *B*, we think *B* is apt to like *A*); generalization effects (if *A* likes *B*, we think *A* will like other people and that other people will like *B*); positivity effects (we expect *A* to like *B*); and agreement effects (we expect *A* and *B* to

⁷⁶ Levy, "Misperception and the Causes of War", p.82.

⁷⁷ Ibid. Jervis defines intentions as "the actions he will take under given circumstances (or, if the circumstances are hypothetical, the actions he would take if the circumstances were to materialize)". He also notes that this definition is deviant from many authors' definitions, which refer to "what the actor plans to do or what goals he hopes to reach". See Jervis, *Perception and Misperception in International Politics*, p.48.

have similar opinions).⁷⁸ The following example demonstrates that our belief that the other side shares the same values and way of thinking as ours is dangerous.⁷⁹ When the United States started SALT negotiations with the Soviet Union in the 1970s, the US negotiators were shocked to find out that their Soviet counterparts did not share their nuclear strategic thinking, such as Mutually Assured Destruction (MAD) and flexible response. Since the United States believed that peace had been maintained through mutual understanding of the concept of balance of terror, MAD and flexible response, if a nuclear war had broken out, the US might have had to suffer as a result of the misperception.

Another cause of misperception is that one tends to think that one's message is received correctly by the other side. As mentioned above, the United States did not expect Chinese participation in the Korean War. This is mainly because the US believed that it had been successful in convincing the Chinese of the US intention, not to attack Chinese soil. However, Mao Zedong was not convinced, which led him to decide to side with the North Koreans.⁸⁰

In addition, decision-makers and their supporting bureaucracy are often very slow in responding to changes in situations. This is mainly because they tend to oppose radical change. Often, they cannot catch up with the speed of change. Moreover, people usually "pay more attention to *what* has happened than to *why* it has happened".⁸¹ As a result, analysis of the cause of the event is apt to be left untouched, thereby delaying the government's learning process and preparedness for similar events in the future. Even if they have learned something from the last experience, people still try to seek a solution

⁷⁸ Ibid., p.126.

⁷⁹ Jervis, "War and Misperception", p.118.

⁸⁰ Jervis, *Perception and Misperception in International Politics*, p.46.

⁸¹ Ibid., p.228. (emphasis in original)

based on lessons drawn from earlier experiences. This tendency sometimes prevents decision-makers from responding flexibly in a new situation.⁸² This inelasticity may also be caused by our psychological setting that we want to see the world in familiar terms and that we prefer to avoid the stress of facing new situations.

(3) Perception/misperception and states' behaviour

The last question is how perception and misperception influence states' behaviour, particularly with regard to the use of force. First of all, when states calculate that the benefits of war will exceed its costs, decision-makers will be optimistic about going to war. It has been pointed out that "the perceptions that war will be economically manageable, and militarily winnable and that there will be no third-party surprise" are likely to create such optimism.⁸³ Regarding costs, it should not be forgotten that people are more willing to pay costs to defend what they already have than to obtain additional benefit such as territory and resources. Thus, if the issue at stake is a state's sovereignty and territorial integrity, the state is likely to fight to defend them, even if the adversary is much stronger. Conversely, if a state's goal in the conflict is to annex the territory of its opponents, the former is likely to refrain from going to war unless the benefits outweigh the costs. On the other hand, people also have another type of psychological pattern regarding costs and benefits. According to Jervis:

Although most people are risk-averse for gains, they are risk-acceptant for losses. For example, given the choice between a 100 percent chance of winning \$10 and a 20 percent chance of winning \$55, most people will choose the former. But if the choice is between the certainty of losing \$10 and a 20 percent chance of losing \$55, they will gamble and opt for the latter. In order to increase the chance of avoiding any loss at all, people are willing to accept the danger of an even greater sacrifice.⁸⁴

⁸² Ibid., p.229.

⁸³ Cashman, *What Causes War?*, p.69.

⁸⁴ Jervis, "War and Misperception", p.122.

Thus, decision-makers also have to calculate and perceive the opponent's psychology. This is quite instructive when we attempt to predict whether China might attack Taiwan. Many may view China's provocative behaviour as having an expansionist motive; that is, the mainland is going to *gain* additional territory, human resources, technologies and wealth. However, in Chinese eyes, Taiwan's independence is a *loss* of what the mainland believes it has. Judging from the discussion above, China is willing to pay the cost of defending it, as she has declared from time to time, and she is very serious, although there may be an element of bluff.

As demonstrated above, perception and misperception directly influence decision making. However, over-emphasising the impact of perception/misperception on states' behaviour carries a risk of ignoring other parts of the decision making process. As is the case with all the factors discussed in this chapter, proving direct causal relations between perception/misperception and behaviour is almost impossible. In addition, the existence of misperception and its effects are usually not recognised until after the event. And, again, there are many factors involved in the process between decision making and behaviour. Thus, although perception and misperception is an important element in examining states' decision making, it is also only one part of a whole.

3) Interaction between the parties concerned

As discussed above, various domestic factors have an impact on the decision making process. However, in addition, a number of factors intervene in the process of finally executing the decision. Even if a state can manage to implement the original decision, there is no guarantee that the planned outcome will eventuate. The outcome may be that it achieves the goals it has set. However, it may do so in a way that was not originally planned. Or, the state may be unable to obtain what it wanted altogether. Or both sides may compromise and each get something. What kind of outcome is actually

brought about is uncertain, particularly when an accident happens, or the course of events is largely formed through the dynamism of action-reaction on both sides. This section briefly examines such dynamism through interaction.

In the previous section, it was pointed out that people tend to believe that others also think, view and act as they do. Thus, if *A* views *B* as hostile, *A* believes that *B* is hostile to *A*. On many occasions this is true, and *B* also holds the similar belief (*A* is hostile to *B*). In this case, hostility in one side triggers hostility on the other side, thereby creating a spiral. For example, state *A* has a conflict with state *B* over a territory which contains promising natural resources. *A* wants to resolve this conflict through negotiation, and believes it is possible in spite of the fact that both *A* and *B* believe the other side is hostile. Both sides recognise war as the worst scenario case. While *A* publicly accuses *B* of its illegal sovereign claim over the territory, *A* starts negotiations with *B* behind the scenes. *B* also adopts a similar policy. However, exchange of verbal accusations for domestic purposes (to obtain wide support from the public, through which each state attempts to place itself in a stronger position in negotiations vis-à-vis the other party) stimulates huge demonstrations in both countries demanding resolution by war. While *B* is able to manage to quell the demonstrations, *A* is not. Eventually, citizens of *A* privately land on the territory in question, and are killed by *B*'s armed forces. This event pushes *A* to take a harder line against *B*. As a result, both sides come to perceive that war is inevitable and imminent. At this point, each side prefers to strike first, rather than wait to be struck. A war breaks out.

Using the logic of Game Theory, this example is seen as a transformation from the 'Chicken' game to the 'Prisoners' Dilemma' game.⁸⁵ The preference order of 'Chicken' is $DC > CC > CD > DD$, while that of Prisoners' Dilemma is $DC > CC > DD > CD$. D

stands for defection, and C stands for cooperation. The outcome each player prefers to see is to gain what they want without compromise (DC). However, obtaining territory is a typical zero-sum situation in which one's gain is the other's loss. Since both sides claim sovereignty over the territory, DC is perceived as hardly possible without war. Each side wants a peaceful resolution, and thus starts negotiation (CC). At this point, they view war as the worst case ($CD > DD$; 'Chicken' game). However, the moment that each player perceives the possibility of war, they are tempted to strike first rather than wait to be struck. This is a change of preference order from $CD > DD$ to $DD > CD$ (Prisoners' Dilemma). A lesson to be drawn from the Chicken game is to realise that "the most obvious danger would result from the mistaken belief that the other will retreat and that it is therefore safe to stand firm".⁸⁶

As mentioned in Chapter 1, the strategy of tit-for-tat is considered to work in the direction of cooperation. However, the pitfall of tit-for-tat is that once one side defects, it will result in a chain reaction of defection when the other side also adopts tit-for-tat: thus, states fall into the 'Prisoners' Dilemma' game. What should be noted here, however, is that Game theory does not necessarily explain the cause of behaviour and that it should be recognised simply as an analytical method.⁸⁷

In sum, states' behaviour is influenced by a great variety of factors, both domestic and international. Among those factors, interaction with the other party sometimes creates dynamics which go beyond states' control. Domestic factors matter in states' behaviour, but it is this dynamism that may determine states' course of conduct.

⁸⁵ Joseph S. Nye, Jr., "Introduction", in Robert I. Rotberg and Theodore K. Rabb, *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), p.10.

⁸⁶ Jervis, "War and Misperception", p.117.

⁸⁷ Cashman, *What Causes War?*, p.206.

Conclusion : Which are more influential: domestic or international factors?

This chapter examined factors which influence states' behaviour by focusing on domestic and psychological factors, and interaction dynamism. The type of regime and decision making systems in a state are considered to have a big impact on states' decision making. However, decisions are not necessarily made rationally, due to lack of information and time, decision-makers' exhaustion caused by stress, pressure and lack of sleep, misperception, static bureaucracy, domestic politics, the influence of interest groups, and so forth. It was originally assumed that authoritarian regimes are more aggressive than democracies. However, researches about democratic peace have revealed that in certain circumstances democracies may be as aggressive as, or more aggressive than, other types of regime.

In addition, since decision making is a human activity, decision-makers' personality, background, and psychological make-up cannot be ignored. For example, if a top decision maker is high in achievement and power motives, he will prefer a hard line policy, while if he has strong affiliation motives, he may commit his government to arms control talks and reconciliation of conflicting states. What kind of personality decision-makers hold depends on such factors as their childhood experience and relations with their parents in particular, the environment in which they grew up, socialisation with others, and birth order. Cultural factors also influence the formation of personality. Thus, first-image (human factor) and second-image (internal structure of states) factors are generally related to each other.

After a decision is made, there is no guarantee that it will be carried out as planned, because there is a possibility of human and non-human error, accidents, resistance to implementation, and alteration of the decision in accordance with a change in the situation. Even if a state behaves as it planned, whether it can achieve its goal is

another question, because its course of action largely depends on interaction with other states.

So, is there no answer to the question of which element is most strongly influential on states' behaviour? The following example may offer an answer. Suppose there is a man, *X*, who is 175cm tall, relatively well-built, and can do basic martial art. He attempts to steal a purse from *Y* (a 160cm, thin woman). *X* has a wide range of options against *Y*, from being threatening to employing violence. However, when *X* has to confront *Z* (a 200cm tall, well-built man with a gun), his range of options is supposed to be not only much narrower but also totally different from that against *Y* (e.g. beg for his life and accept *Z*'s demand, or effectively choose to die by resisting). In this sense, difference in power (external, or structural element) determine the range of options available to states.

Then, which option the state chooses mainly depends on domestic factors. Using the example of *X* against *Y*, which option *X* will adopt depends on his character, his psychological setting at the time and circumstances. If he chooses the mildest option, it may be because his nature is violence-averse, or because he is not bold enough to take the most severe option, because this is the first crime in his life, or because he perceives that *Y* will not resist.

However, whether *X* can get *Y*'s purse by threatening her depends on *Y*'s response and *X*'s interaction with her. If *Y* resists with all her strength, contrary to *X*'s expectation, he must do something to suppress her resistance (for example, use violence). Finally he may be successful in achieving his goal, but may leave her dead.

There may be a criticism that individuals and states are different. Exactly. However, the basic structure is the same. Difference is part of decision making. Individuals can make decisions alone, immediately, while more factors are involved and

procedure becomes more complicated in the case of states. Thus, it can be concluded that international factors largely determine the range of options available to a state, while domestic factors play a central role in choosing options. However, the outcome is a product of the other party's involvement and interaction with it. As Jervis puts it, the question of which level of analysis is most useful for explaining states' behaviour depends on "how rich and detailed an answer we are seeking. The environment may influence the general outline of the state's policy but not its specific responses".⁸⁸

⁸⁸ Jervis, *Perception and Misperception in International Politics*, p.17.

Chapter 4

Domestic Factors Affecting China's Behaviour

Introduction

Based on the neoliberal argument that understanding a particular state's international behaviour inevitably requires an assessment of the state's domestic factors, such considerations as impact of regime type, decision making system and culture were examined in the previous chapter. In this chapter, these factors will be applied to the context of China's international behaviour. It will be argued that 1) contrary to the 'democratic peace' argument, China's decision-making system has a greater influence on its international behaviour than non-democratic nature of the CCP regime itself; 2) change in the nature of the CCP regime was influenced by change in the international security environment; thus, 3) international factors have been more influential on China's international behaviour than domestic factors.

1. The CCP regime and war

Many International Relations analysts have observed a tendency that democracies rarely fight each other and a number of studies have supported this claim with statistical evidence. Although it was shown that democracies are not necessarily more peaceful than other types of regime, there has been an effort by advocates of the 'democratic peace' argument to find a correlation between a particular type of regime and frequency of war. This section examines 1) whether or not the CCP regime is democratic, and 2) the relationship between the CCP regime and China's use of military means in international conflicts.

1) Is the CCP regime democratic?

Although there exists no universal definition of democracy, as discussed in Chapter 3, the concept of democracy is composed of such elements as free and fair elections.

existence of a parliament independent of the government and existence of opposition parties. In the case of the PRC, there is an election system called 'democratic centralism' which refers to the "process by which lower levels elect higher levels, who in turn make decisions to be passed down along the hierarchy".¹ Constituency elects the members of Basic Level (village level) People's Congress, who in turn elect the members of County People's Congress. Then they elect the members of Provincial People's Congress, who in turn, elect the members of National People's Congress (NPC), which is constitutionally the highest level of state organ. In practice, however, the NPC has not played a central role in foreign policy making. The State Council, which is composed of the premier, vice premiers, and ministers, is responsible to the NPC. However, the members of the State Council have rarely been appointed or deposed by the NPC. The party usually makes such decisions: Liu Shaoqi's removal from the State Premiership (1968), Hua Goufeng's appointment as Prime Minister and Deng Xiaoping's removal as a Party Secretary-General (1976), and Deng's return to power (1985) are examples. Thus, there is a gap between theory and practice in China's domestic political system.

Regarding pluralism, there are a number of small parties besides the CCP. However, the Communist Party has prohibited them from functioning as opposition parties, and denied the introduction of pluralism. In addition, a secret ballot has not been always guaranteed. Although the first direct election took place at the village level in 1988,² and the Communist Party has experimented with the township level direct

¹ June Teufel Dreyer, *China's Political System: Modernization and Tradition*, Third edition, revised and updated (London: Macmillan, 2000), p.88.

² Robert A. Pastor and Qingshan Tan, "The Meaning of China's Village Election", *China Quarterly* 162, 2000, p.490. See also Kevin J. O'Brien and Lianjiang Li, "Accommodating "Democracy" in a One-Party State: Introducing Village Elections in China", *China Quarterly* 162, 2000, pp.465-489.

elections,³ 'free and competitive election' at the national level is far from likely to be realised in the foreseeable future.

Since the 'open door' policy was introduced in the 1980s, citizens have gradually begun to enjoy the rights of private property, and many State Owned Enterprises (SOEs) have been or are being privatised. In addition, citizens have come to enjoy greater political freedom, reflected in criticism of the government's ineffectiveness in dealing with corruption, nepotism, pollution, unemployment, increasing crime, and the widening income gap between coastal and interior areas. However, the government continues to suppress political dissidents, accusing them of conspiring with foreign countries which intend to overthrow socialism and ultimately the CCP regime on the one hand, and calling for stronger nationalism among citizens on the other. Judging from these conditions, China cannot be viewed as satisfying the criteria for democracy.

2) The CCP regime and China's use of force in international conflicts

The next task is to examine the relationship between China's involvement in militarised conflicts and the non-democratic nature of the Chinese regime. A study which examined China's involvement in militarised interstate disputes during the period between 1949 and 1992, using statistical methods, provides some interesting findings which reveal the pattern of Chinese behaviour in international disputes. According to this study,⁴ 1) China was the second most dispute-prone country during the Cold War era, ranking after only the United States⁵; 2) once involved in disputes, the Beijing regime has shown the same level of hostility⁶ as, or a higher level of hostility than, that displayed by

³ Susan V. Laurence, "Village Democracy", *Far Eastern Economic Review*, 27 January 2000, p.17.

⁴ Alastair Iain Johnston, "China's Militarized Interstate Dispute Behaviour 1949-92: A First Cut at the Data", *China Quarterly* 153, 1998, pp.1-30. The subsequent findings are drawn from pp.8-18.

⁵ Ibid., p.9.

⁶ Ibid., p.14. The hostility levels are scaled as follows: 1) no militarises response; 2) threat of force; 3) display of force; 4) use of force; 5) intersate war. Ibid., p.12, footnote 31.

the other party in more than 80 percent of disputes; 3) its violence score per dispute is the highest among the major powers⁷; and 4) China has not gone into interstate war with the purpose of changing the other state's policy or regime.⁸ but she has opted to choose military means to resolve territorial disputes (48%).⁹ These findings indicate that the CCP regime has been rather bellicose.

If we examine these findings in detail, however, some other aspects can be observed. First of all, 49 percent of China's militarised disputes were related to territory. Nearly half its territorial disputes (41 percent) occurred in the first decade after the PRC was established.¹⁰ This figure appears to be compatible with the general idea that newly-born states tend to be highly sensitive about territorial control. In the case of the PRC, the government declared its determination in 1949 that no additional foreign infringement on Chinese sovereignty and territorial integrity would be allowed. In addition, since Imperial China, which adopted a tribute system with the political entities surrounding China, did not fix the borders with neighbouring polities, it was inevitable that Beijing would face demarcation problems sooner or later. Furthermore, the Communist regime asserted that China's 'century of shame' will not be over until Taiwan, where the Nationalists fled and declared the KMT to be the sole legitimate government of China in 1949, is unified with the mainland under the CCP rule. Since the

⁷ Ibid., p.15. Violence level = hostility level x action code. Ibid., p.14. Actions are classified as follows: 1) threat to use force; 2) threat to blockade; 3) threat to occupy territory; 4) threat to declare war; 5) threat to use nuclear weapons; 6) alert; 7) mobilisation; 8) show of troops; 9) show of ships; 10) show of planes; 11) fortification of border; 12) nuclear alert; 13) border violation; 14) blockade; 15) occupation of territory; 16) seizure of material or personnel; 17) clash; 18) other use of military force; 19) declaration of war; 20) tactical use of nuclear weapons; 21) interstate war. For this categorisation, see *ibid.*, p.12, footnote 31. For example, the violence score of 'a threat to blockade' is 4 (= hostility level 2 x action code 2), and that of 'use of WMD in all-out interwar' is 105 (= hostility level 5 x action code 21). See *ibid.*, p.14, footnote 36.

⁸ Ibid., p.15.

⁹ Ibid., p.16.

¹⁰ Ibid., p.11 and p.12.

last point is a source of the CCP's legitimacy, it seems to be natural for Beijing to behave with bellicosity, particularly against Taiwan.

Second, there is no observable correlation between internal instability and the CCP regime's involvement in militarised disputes.¹¹ It is sometimes asserted that totalitarian states are ready to go to war in order to divert their citizens' attention from dissatisfaction about internal economic and political conditions.¹² China has been one of the most dispute-prone, and the most aggressive since 1949. However, there was one five-year period during which the hostility level sharply dropped: 1969-1973, when China was preoccupied with the aftermath of the Cultural Revolution. If the 'diversionary' theory is correct, China should have been even more aggressive in its international behaviour during these years, because this was the very period when the extreme left, led by the 'Gang of Four' who scared even Mao, played a crucial role in both domestic politics and foreign policy making. Moreover, the data about China's frequency of involvement in militarised conflict per five-year period shows that it dropped sharply in 1969-1973 and has maintained almost the same level since then.¹³ If the Beijing government was merely too preoccupied with the aftermath of the Cultural Revolution to pursue an aggressive foreign policy in 1969-1973, the level of its commitment to militarised disputes after 1973 should have recovered to that of pre-1969. The fact that it has remained unfrequent indicates that domestic instability/stability has not necessarily been reflected in foreign policy.

¹¹ Ibid., p.18.

¹² See for example, Bruce Russett and William Antholis, "Do Democracies Fight Each other?: Evidence from the Peloponnesian War", *Journal of Peace Research* 29(4), 1992, p.417. See also Greg Cashman, *What Causes War?: An Introduction to Theories of International Conflict* (New York: Lexington Books, 1993), p.146.

¹³ Johnston, "China's Militarized International Dispute Behaviour 1949-92", p.10, Figure 3 Chinese MID Frequencies per Five Year Period.

Third, despite the attachment to Marxism-Leninism-Mao Zedong Thought, China's efforts to change other states' regimes accounted for only 7 percent of China's militarised disputes throughout the period of study.¹⁴ Since 1973, Beijing has not been involved in disputes of this category.¹⁵

If China's bellicosity has weakened since the end of the 1960s, though its regime has remained undemocratic, it can be assumed that there was an alteration in foreign policy making at that time. The causes need to be analysed in relation to both international and domestic factors. As for international factors, China's security environment had changed vis-à-vis the two superpowers. With the experience of defeat in the border war against the Soviet Union in 1969, the latter came to be seen by Chinese leaders more as a source of military threat than as an ideological rival. Fortunately for China, Washington had sought rapprochement by this time, in order to terminate the Vietnam War. Better relations with Washington benefited China in two ways; 1) the US military threat to the mainland from Indochina would diminish in the near future, and 2) China could form a united front with the US against the Soviet Union, which meant Beijing could practise its traditional strategy of 'playing a barbarian against another barbarian'.

As for domestic factors, the major influence was China's preoccupation with managing the consequences of the Cultural Revolution (1966-1969). In addition, some studies have pointed out that Mao's political power had been weakened somewhat by the early 1970s, mainly due to his deteriorating health,¹⁶ although his authority as the ultimate decision maker remained until his death in 1976. And Deng was less ideological

¹⁴ Ibid., p.12.

¹⁵ Ibid., p.11, Figure 5 Frequency of Chinese MID's by Dispute Type per Five Year Period.

¹⁶ Dick Wilson, *Mao: The People's Emperor* (London: Hutchinson, 1979), p.425. See also Dreyer, *China's Political System*, p.103.

and more pragmatic than Mao, choosing to concentrate on developing China's economy and building Chinese-style socialism rather than exporting revolution. With the collapse of communism in the former Soviet Union and Eastern European countries at the end of the 1980s and early 1990s, the appeal of communism to the ordinary Chinese lost credence even more. In addition, Jiang Zemin, who is viewed as a technocrat, has followed Deng's policies of economic development and building socialism, although his stance towards the open door policy is more conservative than Deng's. Thus, the CCP regime has grown less ideological with the passage of time, and its nature has been changing accordingly. In order to know whether this less bellicose tendency is related to the CCP's changing nature, an examination of Beijing's decision-making is needed.

2. China's decision-making system

In the case of the PRC, the role of the bureaucracy in decision-making has until recently been insignificant for several reasons. First of all, it has been traditionally believed in China that rulers were selected in accordance with a 'mandate of Heaven'. This meant that the rulers' will was interpreted as 'Heaven's will', which in turn meant that rulers were viewed as morally correct. When a particular ruler's moral rectitude decayed, dynastic change occurred. Under these circumstances, the bureaucracy's major task was to implement the policies and orders which were determined by the higher authority, rather than involve itself with policy-making. Second, although the NPC in the PRC is constitutionally the highest organ of state power, as in other communist states the party is superior to the government in practice. As a result, intra-party politics had greater influence on policies than debate in the Congress. This means that how decisions were made depended on the power balance among decision-makers. The more dominant the top leader was, the more his personality, ideology, preference and world-view tended

to be reflected in decision-making and policies. Third, Asian nations generally prefer informal mechanisms and consensus-building among a few top decision-makers behind closed doors to a legal approach. All these elements indicate that China's foreign policy decisions are difficult to predict accurately.

1) The decision-making system under Mao, Deng and Jiang

Looking at the Maoist era, decision-making power was heavily concentrated in the person of Mao. It is well known that he hated bureaucracy, criticising it for establishing its own 'independent kingdom'.¹⁷ Although nobody can prove exactly what happened, Mao believed and feared that the bureaucracy did not necessarily respect the CCP's decisions as a result of gaining policy-making power, thereby undermining the control of the party. In a Marxist-Leninist state, the party is supposed to command not only guns but also government and bureaucracy. Although he consulted the Politburo and its Standing Committee over imminent domestic and international problems, Mao was totally dominant and made all big decisions by himself.¹⁸

Compared to Mao, Deng was less totalitarian. Having twice personally experienced being purged from the political scene in the past, Deng tried to eliminate the negative sides of the Maoist era. The first step was to move away from the cult of personality. He preferred consensus among the top decision-makers. Although he usually provided an overall policy framework in advance so that decision-makers could reach an agreement consistent with the direction in which he wanted to go, reaching consensus among top leaders was not necessarily a smooth process, particularly over the open-door policy. Intra-party debate and controversy between reformers and conservatives were an

¹⁷ Ibid., p.84.

¹⁸ Samuel S. Kim, "China and the World in Theory and Practice", in Samuel S. Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd ed. (Boulder: Westview Press, 1994), p.23. See also A. Doak Barnett, *The Making of Foreign Policy in China* (London: I.B. Tauris, 1985), p.7.

important element in determining who was involved in decision-making. Although party and government cannot be clearly separated because those who occupy important party positions also hold government and/or bureaucratic positions, there was a tendency when reformers were stronger than conservatives for government and bureaucracy to play a bigger role. This was because implementation of the 'four modernisations'¹⁹ inevitably led to enlargement of the bureaucracy; for one thing, bureaucratic bodies were necessary to implement new policy, and implementation required specialists' knowledge and judgement. This implied that the involvement of the bureaucracy increased on the one hand, and that decision-making was gradually institutionalised in accordance with procedures and regulations on the other. However, when the conservatives were revitalised, the party tended to dominate important decisions. Thus, intra-party politics can be said to have shaped policies in Deng's era, too.

When Jiang, without charisma or military record, took over from Zhao Ziyang just after the Tiananmen massacre in 1989, many observers imagined that he would be a 'one point relief', and hardly expected that his administration would last long after Deng's death. However, he survived. Jiang has been able to solidify his power base by taking advantage of his institutional posts as a head of the party, the state and military; this means that these posts enabled him to appoint those loyal to him to important positions in the party, government and military. In addition, he has been successful in repelling his opponents by forcing some to retire and by indicting others for corruption.²⁰ This means

¹⁹ They include modernisation of agriculture, industry, science and technology, and national defence.

²⁰ For literature that gives details about Jiang's effort to force elders to retire, see Richard Baum, "The Fifteenth National Party Congress: Jiang Takes Command?", *China Quarterly* 153, 1998, especially pp.150-152. On indictments, see "China's New Ideology Campaign for Party and Modernization", BBC Monitoring, 20 June 2000, available at <http://www.insidechina.com/localpress/bbcmonitor.php3?id=170497>; Willy Wo-Lap Lam, "President Profiting from Tough Sentence", *South China Morning Post*, 3 August 2000, available at http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-20000803025531400.asp; and Michael Dwyer, "Two Years Out, 'Fourth Generation' Gears Up in Race to Replace Jiang", *Australian Financial Review*, 13 October 2000, available at <http://www.afr.com.au/world/20001013/A47823-2000Oct12.html>.

that intra-party politics under Jiang between reformers and conservatives has taken a milder form than under his predecessors. That there was no radical political campaign resulting in a major toning-down of economic reform programmes or some big political figures' purge and/or rehabilitation is further evidence.

However, the decision-making mechanism has become more personal under Jiang than under Deng. Since Jiang Zemin does not have charisma or an illustrious military record, the main factor that enables him to stay in power is his hold on institutional positions. Considering the fact that the party has been superior to military and government in the PRC, the post of General Secretary of the Party is more important than those of a chief commander of the People's Liberation Army (PLA) and President of the state. Therefore, Jiang has made a great effort to strengthen the power of the CCP, and ultimately his own power base.

These elements generated some new characteristics in the decision-making system.²¹ The first is the rise of the so-called 'Shanghai faction'. Jiang gradually called his previous subordinates, his old friends, specialists and party cadres from Shanghai to Beijing, providing them with important positions in the bureaucracy, government, military and party. Jiang increased the power of the Central Committee General Office which took over the functions of the Central Committee Secretariat,²² and he created the 'Jiang Zemin Office'. Although these two Offices should not in theory play policy-making roles, they have exercised decision-making powers in such areas as internal security, economic policy, party organisation and ideology and propaganda.²³ Judging from the fact that Deng had to let other leaders control financial policy, and the legal and

²¹ The subsequent sentences depend on Willy Wo-Lap Lam, *The Era of Jiang Zemin* (Singapore, New York, London, Toronto, Sydney and Mexico City: Prentice Hall, 1999), particularly chapters 1 to 3.

²² The functions include "making policy and issuing top-level party documents and controlling the paper flow between headquarters and other CCP organs". Ibid., p.34.

²³ Ibid., p.29.

security establishment,²⁴ Jiang has been far more successful than Deng in penetrating his power into the various state organs. The stronger the Shanghai faction becomes, the more likely it is that the decision-making system will move towards a dictatorship.

The second characteristic is that Jiang recognises the importance of populism. This does not mean that he is democratic. Rather this is a part of his strategy to raise his status to match Mao's and Deng's. By appearing on the prime time news programmes, he implants an impression among the people that he is the top-decision maker. Making efforts in such areas as narrowing the income gap between coastal and internal areas and eliminating corruption, which are two of the citizens' main grievances, helps enhance the legitimacy of Jiang's administration and the CCP regime. In a sense, Jiang deals with the 'negative heritage' left over by Deng. However, tackling such problems also contributes to strengthen his power base in two ways: 1) development of China's Western regions could be an effective measure to suppress separatism although there is also a risk that the development programme itself might provoke separatist movements; and 2) his anti-corruption campaign has enabled Jiang to wrest political power from the 'Beijing faction' who benefited from Deng's policies and who generally looked down on Jiang.

The third new characteristic of the decision-making system is that Jiang has emphasised the superiority of the party over all other institutions. This has meant that the retreat of the idea of the 'rule of law' which had burgeoned and been accompanied by economic reforms during the 1980s. On the one hand, Jiang drew the lesson from the Tiananmen massacre that putting politics or ideology in a secondary position during the 1980s had allowed space for the democratic movement. On the other hand, economic development requires internal stability. As a result, indoctrination of ideology was strengthened. This means that the CCP's ideology is placed higher than laws. This, in

²⁴ Ibid., p.33.

turn, means that the role of the NPC, the highest law-making body under constitution, which had been increasingly assertive in policy-making since the mid 1990s, has been curtailed as Jiang has consolidated his power. Qiao Shi, who was speaker of the NPC and Jiang's long-standing rival, was replaced by conservative Li Peng in 1998. All these elements indicate that the CCP regime under Jiang has turned the clock back towards the Maoist era in some respects.

Mao dominated the party and made all major decisions by himself. Deng was skilled in coordinating different opinions and preferred collective leadership, although he had decisive influence in decision-making. In the case of Jiang, the Shanghai faction is predominant and the Central Committee General Office and Jiang Zemin Office play significant roles in policy-making and decision-making, although they are not legally allowed to do so. In this respect, the decision-making mechanism is more personalised under Jiang than Deng, and Jiang's opinions are likely to be reflected in policies.

2) Chinese leaders' personalities and China's international behaviour

The next question is whether the top leaders' personalities and their major policies correlate with the state's aggressive international behaviour. Mao valued incessant class struggle, created chaos and accepted violence in order to complete China's domestic revolution. As mentioned in the previous section, the Maoist era was the most aggressive in terms of China's international behaviour, particularly in the first decade after the establishment of the PRC. China involved itself in the Korean War (1950-1953), and in wars with India (1962) and the Soviet Union (1969). Besides, it used military forces against Taiwan (until 1958) and South Vietnam (1974), and interfered in other states' internal affairs by materially supporting communist insurgent movements in neighbouring countries. Deng, with bitter experience of two purges caused by the Mao-dominated decision-making system, made efforts to avoid a personal cult being established.

respected the collective leadership, pursued China's own economic development rather than world revolution, and sought domestic stability and international security. As a result, the CCP regime ceased to support communist insurgency in other states, and attempted to make China attractive for foreign investment. With the exceptions of the use of force against Vietnam in 1979 and 1988, China did not engage in serious military confrontation under Deng. Jiang also made stability a top priority. Compared to the Maoist era, the PRC's foreign policy behaviour under Jiang can be said to be relatively low profile, in the sense that China has not been involved in any large scale armed conflict. However, Beijing has still been provocative, as seen in the cases of military threat against Taiwan (1996 and 1999), expansion in the South China Sea, particularly to the Philippine-claimed Mischief Reef area (1995 and 1998-1999), and the activities of spying ships in and adjacent to Japanese territorial waters (1999 onward).

3) Which category of factors, domestic or international, has been more influential on China's international behaviour?

It may be true that the top leader's personality/ideology plays a significant role in making foreign policy decisions. However, other factors which influence top leaders' decision-making, such as national interests and the international security environment, should not be ignored. In the case of Mao, it is safe to conclude that he was more aggressive than Deng and Jiang. At the same time, however, Maoist China's aggressive international behaviour cannot be fully explained by the non-democratic nature of the CCP regime which was dominated by Mao, because China's security environment during the Maoist era was more dangerous, unstable and uncertain than under Deng and Jiang. As a top leader, Mao made decisions in the light of China's security environment during the Cold War. For example, Mao, with fresh memories of the mainland's having been semi-colonised by stronger powers in the first half of the twentieth century, perceived the US-led UN forces in the Korean War as posing a serious military threat to China. Having

Moscow as an ally enabled Beijing to enter the Korean War. The Vietnam War was seen as a serious threat in the south and this was the major reason, along with the ideological belief that Beijing should fight against imperialism, why China supported North Vietnam materially and militarily as well as diplomatically.

However, the Soviet Union replaced the US as the mainland's primary enemy after the border war of 1969. Although China fought against the US in Korea, its soil was not a theatre of war and its forces were strong enough to compel the UN-forces to retreat to the 38th parallel. In the case of the border war with the Soviet Union, Chinese territory and forces were damaged by the Soviets' predominant military power and China's leaders were concerned about the possibility of the Soviets using nuclear weapons. Compared to the Soviet threat, the US was, after all, a distant enemy, despite their engagement in Indochina. The Sino-Soviet border war forced Mao to recognise that the Soviet military was a more serious security threat to China than US imperialism. Evidence can be seen in the fact that Beijing moved to rapprochement with Washington in the early 1970s in order to contain or at least deter Moscow, while simultaneously eliminating the security threat from Indochina.

These two factors (detering Moscow and rapprochement with Washington) contributed to improving China's security environment during the 1970s. By this time, in other major disputes such as the Sino-Indian border territory and the Taiwan issue, a *status quo* had been established. This meant that Beijing had no need to be particularly aggressive in relations with India and Taiwan, unless an event occurred which gave the mainland an excuse to use force.

Johnston argues that under Deng, China was not remarkably less aggressive than the late Maoist era.²⁵ However, it can also be argued that China's aggressiveness

²⁵ Johnston, "China's Militarized International Dispute Behaviour 1949-92", p.11.

declined as its security environment improved in the early 1970s, and has remained at almost the same level since then. If this is the case, the non-democratic nature of the regime and/or the top leader's personality and ideology has been less important in foreign policy- and decision-making than international factors.

This argument could be criticised on the ground that the major reason why China's aggressiveness declined in the early 1970s is that the government was preoccupied with dealing with the aftermath of the Cultural Revolution. It is true that this factor is important. However, if this argument is correct, there remains the question of why China's aggressiveness did not recover to the pre-Cultural Revolution level after Deng took power. Deng's personality alone cannot give an answer to this question. During the Dengist era, there was no Korean War, Vietnam War or the border war with the Soviet Union, and no significant possibility of nuclear war. China's reduced aggressiveness since the 1970s cannot be explained without considering its international security environment. As concluded in the previous chapter, international factors such as power relations vis-à-vis the adversary and the nature of the international security environment provide the range of actions that China can take; the nature of the regime mainly determines the selection of action to be taken; and interactions with adversaries influence how detailed foreign objectives may be achieved.

3. A cultural aspect : China's *Realpolitik* world-view

As discussed in the previous chapter, culture contains two aspects: one psychological and one behavioural. The psychological aspect refers to beliefs, values and feelings (mind-set). Behaviour is to a large extent a reflection of the mind-set. However, mind-set does not necessarily lead to behaviour when the latter is considered to be violating established norms and rules and/or conflicting with another part of the mind-set.

For example, *A*'s words (or deeds) upset *B* and *B* wants to beat *A*. However, in many cases *B* refrains from doing so, partly because he feels a sort of constraint (because of laws) and partly because beating others is against his moral or religious belief. This section examines the Chinese leaders' mind-set and the Beijing government's international behaviour by focusing on their world-view and military thinking.

Before the experience of a 'century of humiliation' starting in the mid-nineteenth century, China had been the most influential great power in the region. Asia, in general, did not have a state system as it has now. Neighbouring political entities were expected to pay tribute to the Chinese emperors, and in exchange they were recognised by China and enjoyed almost complete autonomy without Chinese intervention. Although China was frequently governed by foreigners such as Mongolians and Manchurians, they were soon assimilated into Han Chinese culture. During this process, China gained its 'middle kingdom' mentality and came to take pride in what it saw as its cultural superiority.

However, the Chinese recognised that their cultural superiority did not work in the face of superior Western military power during the era of the Qing Dynasty. The defeat in the Opium War (1839-42) led to a series of compromises with the Western powers, placing China in a semi-colonial position. The loss of the war against Japan (1894-95) threatened the Dynasty's survivability even more, because 1) it exposed the weakness of the Dynasty's military power to the world and domestically, and 2) the Qing government had to pay astronomical amounts of reparation to Japan through foreign loans, thus 3) it had to grant various rights, including establishing railroads and mining, to Western powers (Russia, Germany and France in particular), which allowed them to semi-colonise the declining dynasty. These conditions triggered internal political conflicts in the government and social unrest, and finally the Dynasty was superseded by Republican China in 1911. After the struggles against Japanese invasion during World War Two and

the subsequent civil war against the KMT, the People's Republic of China was established in October 1949.

Whether or not the PRC is a continuation of Imperial China is debatable. This argument is important to answer the question of what kind of great power – regional or global – China will become. Advocates of 'continuity' argue that the PRC will not pursue hegemony as Imperial China did not, while those who support 'discontinuity' argue that the PRC is different from Imperial China due to the experience of the 'century of humiliation' which taught the Chinese a costly lesson about being a weak state; therefore it will seek traditional great power status.²⁶ The answer may be found in Mao's opening address at the First Plenary Session of the Chinese People's Political Consultative Conference on 21 September 1949:

The Chinese have always been a great, courageous and industrious nation; it is only in modern times that they have fallen behind. And that was due entirely to oppression and exploitation by foreign imperialism and domestic reactionary governments ... From now on, our nation will belong to the community of the peace-loving and freedom-loving nations of the world and work courageously and industriously to foster its civilization and well-being and at the same time to promote world peace and freedom. Ours will no longer be a nation subject to insult and humiliation. We have stood up ... Our national defence will be consolidated and no imperialists will ever again be allowed to invade our land.²⁷

The People's Republic of China is a mixture of continuity from Imperial China in the sense that it holds the Middle Kingdom mentality, and discontinuity in the sense that it has concluded that military might will enable it not only to secure its sovereignty and

²⁶ For detail, see Kim, "China and the World in Theory and Practice", pp.12-16.

²⁷ Mao Tse-tung, *Selected Works of Mao Tsetung*, vol.5 (Peking: Foreign Language Press, 1977), pp.16-18. China's resentment towards the 'century of humiliation' can still be seen in the report by the State Council in July 1998, stating that "Following the Opium War in 1840, China was gradually reduced to a semi-colonial and semi-feudal country, and the Chinese nation was subject to the imperialist powers' invasion, oppression, bullying and humiliation on time and time again. After a protracted, persistent and heroic struggle, the Chinese people won independence for their country and the emancipation of the nation; thereby they hold dear their hard-earned right to independence". See Information Office of the State Council of the People's Republic of China, "China's National

territorial integrity, but also to regain great power status and the respect which the Chinese people deserve. In other words, Middle Kingdom mentality and the experience of the 'century of humiliation' are twin pillars which shape China's mind-set.

These twin pillars are evident in the PRC's international behaviour. First of all, it has sought military might in order to be immune from being bullied again, to secure sovereignty and territorial integrity, and to regain great power status and respect. Second, Beijing has been determined to fight against imperialism. However, China holds double standards on sovereign states; it asserts against superpowers that all sovereign states are equal, while it has tended to see other states – particularly in East and Southeast Asia – in the light of patron-client relations. During the Cold War, perceptions of who were the 'running dogs' of the United States and/or the Soviet Union were an important aspect of China's foreign relations. These points highlight China's view of the world in terms of balance of power; it can be concluded that China's mind-set is *realpolitik*-oriented.

This *realpolitik* orientation can also be seen in China's military thinking. "To subdue the enemy without fighting is the supreme excellence", and "what is of supreme importance in war is to attack the enemy's strategy. Next best is to disrupt his alliances by diplomacy. The next best is to attack his army. And the worst policy is to attack cities. Attack cities only when there is no alternative ..." ²⁸ — these phrases are among the best known in Sun Tzu's *The Art of War*, which is generally viewed as the root of Chinese military thinking. Although it appears at first glance that Sun Tzu ranks non-military measures higher than use of force, he does recommend attacking the enemy if there is a chance of victory. Thus, 'attacking the enemy's strategy', 'disrupting his

Defense" (Beijing, 1998), II. National Defense Policy, available at <http://www.fas.org/nuke/guide/China/doctrine/cnd9807/index/html>.

alliance by diplomacy', 'attacking his army' and 'attacking the enemy's cities' are considered as a 'menu' from which a state can select in the event of conflict. Since the conditions before and during war are constantly changing, it is necessary to shift one's tactics flexibly in accordance with the changing situation, exerting every effort to maintain or create a better situation.

Compared with Sun Tzu, Mao Zedong's military thinking is more explicitly bellicose. This appears to have derived mainly from his participation in the anti-Japanese war, combined with some ideas from Marxism and the semi-colonised conditions in China.²⁹ During the anti-Japanese war, a combination of guerrilla warfare (mainly exercised by the communist Red Army) and regular war (led by the KMT) worked well. Success in guerrilla warfare requires flexibility: "[The] enemy advances, we retreat; [the] enemy halts, we harass; [the] enemy tires, we attack; [the] enemy retreats, we pursue".³⁰ This does not mean, however, that guerrilla warfare needs no organised plan for victory. Nor does it mean that guerrilla warfare is completely different from regular war.³¹ Mao set three stages to win in war: 'the enemy's strategic offensive and our strategic defensive' (stage 1), 'strategic stalemate' (stage 2) and 'our counter-offensive' (stage

²⁸ General Tao Hanzhang, *Sun Tzu The Art of War* (Hartfordshire: Wordsworth Reference, 1993), p.105.

²⁹ Ross Terrill points out that "Mao's political methods and broad worldview probably owed more to Chinese traditions than to Marxism-Leninism. Indeed, it is clear there was little about the modern world – with the partial exception of Marxism – that Mao knew well; he reached into Chinese tradition for his instinctual knowledge." Ross Terrill, *Mao: A Biography*, revised and expanded edition (Stanford, California: Stanford University Press, 1999), p.21.

³⁰ Mao Tse-tung, *A Single Spark Can Start A Prairie Fire* (Peking: Foreign Language Press, 1953), p.15.

³¹ Mao describes regular warfare of the Chinese type as "the concentration of forces for a mobile war and a certain degree of centralisation and planning in command and organisation; in other aspects it is still of a guerrilla character and on a low level, and cannot be spoken of in the same breath with the warfare of foreign armies and, in some ways, is even different from that of the Kuomintang army. Thus in a sense this type of regular warfare is only guerrilla warfare on a higher level". Mao Tse-tung, *Problems of War and Strategy* (Peking: Foreign Language Press, 1954), p.20.

3).³² At stage 1, the key element is mobility, supported by guerrilla and regular warfare. At stage 2, a large portion of troops is transferred from the front to the enemy's rear because the enemy is fully stretched and unable to protect himself everywhere. The enemy is divided and attacked, meanwhile the revolutionary forces prepare to counter-attack, depending mainly on guerrilla warfare. Even if this stage is basically defensive, attack is primary, by carrying out a series of small, quick-decision offensive actions.³³ Stage 3 entails a return to mobile and regular warfare.

Nuclear deterrence, however, is not consistent with Mao's 'People's War'. While 'People's War' assumes an invasion by a militarily superior enemy across the land border and ground battles involving large numbers of troops, the purposes of China having nuclear weapons were to deter the enemy's attack on the one hand, and to destroy the 'nuclear monopoly' of the superpowers on the other.³⁴ In this sense, China did not develop nuclear weapons based on the theoretical necessity to complement 'People's War'. It did so, rather, driven by the reality that the primary enemy, the United States, had the most advanced weapons (nuclear weapons) while China's access to Soviet nuclear technology was blocked. In order to maintain maximum independence, both politically and militarily, it was an urgent task for Beijing to develop nuclear weapons.

By the time Deng Xiaoping took power in 1978, it had become obvious to the Chinese elite that the 'People's War' theory had become increasingly irrelevant to China's security environment, because some assumptions of the theory were no longer realistic. However, nobody could reject Maoist theory directly, because to alter military thinking would mean re-evaluating Mao's whole ideology, which had dominated the

³² For detail, see Mao's "On the Protracted War" in Mao Tse-tung, *Selected Works of Mao Tse-tung* (London: Laurence & Wishart, 1958), vol. 2, pp.139-149.

³³ Ibid., p.80.

³⁴ John Wilson Lewis and Xue Litai, *China Builds the Bomb* (Stanford: Stanford University Press, 1988), p.35.

country for nearly three decades. Mao's successor needed to establish his legitimacy by stressing the link with Mao, but it was also necessary to amend military thinking in accordance with the changing security environment and developing technology.³⁵ As a result, the post-Mao era ushered in partial change in "People's War" in terms of 'how to fight'. For example, 'luring the enemy in deep' traditionally meant willingness to sacrifice the security of China's heartland, in order to bring the enemy into the vast interior, forcing the latter to be fully stretched. Then the Chinese would not only fight at the front but also attack the enemy's rear in order to cut off the latter's logistical lines. However, under the 'four modernizations' policy, China cannot afford to sacrifice its coastal industrial areas. The new circumstances necessitate 'meeting the enemy at the gate', rather than defence in deep. The product of the dilemma of how to change China's military doctrine without rejecting Mao's thinking was 'People's War under modern conditions', a term which was introduced for the first time in 1977.

A comprehensive review of military thinking, including the type of war that China might wage, followed in the mid-1980s. The outcome of this review was the introduction of the concept of 'limited war'. So what would local/limited wars in the future be like from the Chinese perspective? At least the following three features can be perceived. Firstly, limited wars will be fought for limited objectives in limited time and space, in order to accomplish wider political goals. Annihilation of the enemy is not the objective any more. Thus, secondly, victory will be determined more by diplomatic negotiations and political compromises than by the degree of destruction caused by the military attack. Thirdly, surprise attack, or gaining the initiative by striking first, will lead to a quick resolution in China's favour. Lastly, with rapid advancement in science and

³⁵ For the process of seeking how to change military doctrine without undermining Mao's theory, see Ellis Joffe, "'People's War under Modern Conditions': A Doctrine for Modern War", *China Quarterly* 112, 1987, pp.555-571.

technology, any local/limited war would be fought with highly destructive and lethal conventional weapons; using nuclear weapons is less likely than in the past.³⁶ This means that the assumption that China will necessarily fight against a superior state, such as the Soviet Union and/or the United States, is a thing of the past. In a limited/local war, the enemy would not necessarily be stronger than China. Thus, 'winning victory over superiority through inferiority' is no longer a prerequisite.

In short, an offensive rather than defensive stance has been observed since ancient times. To attack the enemy whenever there is a chance of victory has been recommended since the time of Sun Tzu. Although Mao's People's War ('luring the enemy in deep') gives an impression that his strategic thinking was defensive in nature, this is a reflection of China's military weakness in terms of weapons and technology. Nonetheless, China's actual behaviour was rather offensive, as seen in the cases of the Korean War and the border war with India. All of these were fought beyond China's border. Departure from 'luring the enemy in deep' was accelerated as China's economy, in the coastal regions in particular, developed. This necessitated China's strategy to shift to 'meeting the enemy at the gate'. In addition, the revolution in military affairs (RMA) based on the advance of science and technology also gives China an incentive to strike first. Judging from these elements, China's strategic culture has been, and is likely to be, offensive in nature.

China's bellicosity was accentuated by ideology, during the Maoist era in particular. For Mao, class struggle was the key to completing the revolution, and chaos provided people with the way to resolve problems that Chinese society faced. These factors explain why China had a series of domestic political campaigns such as the 'three

³⁶ Nan Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective", *China Quarterly* 146, 1996, pp.447-448. See also Paul H.B. Godwin, "Chinese Military Strategy Revised: Local and Limited War", *Annals of the American Academy of Political and Social Science* 519, 1992, p.194.

antis' in 1951, the 'five antis' of 1952,³⁷ the Hundred Flowers in 1956, the Great Leap Forward of 1956-58 and the Cultural Revolution of 1966-69. Externally, the stress was on anti-imperialism, particularly before Beijing broke with Moscow in the early 1960s. Before the split, the most famous example on anti-imperialism rhetoric was Mao's statement that "the east wind is prevailing against the west wind" when the Soviet Union launched Sputnik in October 1957. As relations with Moscow deteriorated, caused mainly by Khrushchev's criticisms of Stalin, and of China's Great Leap Forward, Chinese leaders started to condemn the USSR as 'revisionist'. This condemnation escalated to an accusation of 'social imperialism' after the Brezhnev doctrine³⁸ was launched in 1968, and to the border clash with the Soviets in 1969. However, the importance of ideology was superseded by imminent military threat, as evidenced by the characterisation of Moscow as a primary enemy and subsequent rapprochement with Washington.

The ideological flavour in Beijing's world-view and foreign relations has diminished in the post-Mao era. This is mainly due to leadership change, China's own economic development and a better security environment. Deng adopted less ideological and more pragmatic measures in building socialism in China, by pursuing 'four modernisations', based on an open-door policy, of which the prerequisites are domestic stability and low profile international behaviour. As a result, the number of domestic political campaigns dropped dramatically while Beijing made efforts to reinforce and/or to establish stable foreign relations with its neighbours in particular. Jiang Zemin has followed Deng's policy, which prioritised economic development.

³⁷ 'Three antis' means anti-corruption, anti-waist and anti-bureaucracy. 'Five antis' to be tackled were bribery, tax evasion, fraud, theft of government property, and theft of state economic secrets.

³⁸ The Soviet Union invaded Czechoslovakia in 1968 in order to suppress the democratic movement in the latter. After this invasion, the Soviets enunciated what is known as the 'Brezhnev doctrine' which refers to the socialist states' right to interfere in other socialist countries' internal affairs which were perceived as a danger for the socialist community, thereby restricting state sovereignty.

China's remarkable economic success also contributed to reducing its ideological vehemence. First of all, attracting foreign direct investment and boosting its exports forced the Beijing government to accept the standards and practices of liberal democratic countries and to adjust China's economic and legal systems accordingly. As a result, the Chinese government established a fiction named 'socialist market economy'. In addition, the improvement of living standards began to change citizens' value systems. That is, people became more interested in money-making than ideology.

One of the most important factors that caused ideological decline was the collapse of communism worldwide. Democratic movements in Eastern Europe and the Soviet Union also had a spill-over effect on China, which led to the Tiananmen Square massacre in June 1989. The government's strengthening of ideological education after the June 4 massacre demonstrated that Marxism-Leninism-Mao Zedong Thought no longer held credibility among ordinary people. Since the ideology is directly connected with the CCP's legitimacy and survival, the latter cannot afford to let the ideology diminish too far, whatever the reality may be. At the same time, the Chinese leaders know that simply trying to resume Marxism-Leninism-Mao Zedong Thought will not work. Under the conditions that there are no other ideological alternatives for the CCP to stay in power, the post-Tiananmen Communist regime has increasingly depended on nationalism. The Beijing government occasionally attempts to indoctrinate its citizens, stating that foreign imperialism (currently peaceful evolution) and domestic reactionaries (political dissidents who conspire with foreign imperialists) are going to undermine Chinese unity and overthrow the CCP regime. Accordingly, this period also witnessed the revival of the nineteenth century concept of absolute sovereignty. In this sense, the combination of anti-imperialism and reinforcement of nationalism has re-emerged to shape the Beijing government's foreign policy.

With the end of the Cold War, Beijing's leaders came to perceive that the United States' position as the sole remaining superpower is a source of threat, not only for China but also for international society, and that the international system had been shifting from bipolarity to multipolarity.³⁹ Although Beijing recognises that great powers should be paid due respect by others, it has never failed to accuse the US of exercising hegemonism, based on Washington's allegedly anachronistic Cold War mentality which refers to the enlargement of the NATO military bloc and the strengthening of bilateral military alliances (such as the US-Japan treaty). The Chinese leaders warn that "Hegemonism and power politics remain the main source of threats",⁴⁰ while arguing that international peace and security should be achieved by respecting the Five Principles of Peaceful Coexistence.⁴¹ At the same time, Beijing is attached to the "sense of a patron-client hierarchy".⁴² That is, the government emphasises the importance of bilateral relations, vis-à-vis its smaller neighbours in the region in particular, "where its hand is stronger and leverage greater than when dealing with several at once",⁴³ while basically opposing multilateral talks for the resolution of the disputes. In short, China demands equality against the stronger states while exercising power politics towards the weaker states. Since the attachment to sovereignty and bilateralism and the hierarchical view of the world based on distribution of power are core elements for realist thinking, this evidence reinforces the assessment that Beijing's world-view is *realpolitik*-oriented.

³⁹ Wayne Bert, "Chinese Policies and U.S. Interests in Southeast Asia", *Asian Survey* 33(3), 1993, p.319. See also "China's National Defense", I. The International Security Situation.

⁴⁰ Ibid.

⁴¹ The Five Principles are 1) mutual respect for each other's territorial integrity, 2) nonaggression, 3) noninterference in each other's internal affairs, 4) equality and mutual benefit, and 5) peaceful co-existence.

⁴² Michael Studeman, "Calculating China's Advances in the South China Sea: Identifying the Triggers of "Expansionism"", *Naval War College Review* 51(2), 1998, p.84.

⁴³ Ibid.

Conclusion

This chapter has aimed to examine which factors, domestic or international, are more influential in shaping China's international behaviour. Liberals argue that understanding a state's behaviour inevitably requires examination of domestic factors. The Chinese case showed that the undemocratic CCP regime was not the most bellicose, though it has ranked second in bellicosity after the United States. Beijing's aggressiveness, particularly in territory- and sovereignty-related disputes, was concentrated in the first decade after the establishment of the People's Republic of China. Since newly-established countries are generally quite sensitive over issues of territorial control, the mainland's aggressiveness particularly in this period can be considered as being related more to the problems of a new-born state than to the totalitarian nature of the CCP regime.

The nature of Communist China has also changed over time. Mao's totalitarianism shifted to Deng's and Jiang's authoritarianism. Mao was much more aggressive than Deng and Jiang, and dominated the party. This means that Mao's personality and ideology were strongly reflected in foreign policy-making. Deng preferred collective leadership and was skilful in coordinating various opinions. Although holding ultimate authority, he could not dominate the party, particularly in the economic sphere. Jiang shows a tendency to turn the clock back towards the Mao era. Decision-making under Jiang has become more personalised, and he is reported to control almost all state organs. However, he has not initiated any devastating political campaigns, as Mao did. Although Beijing's strategic thinking has shifted to a more explicitly offensive one – from 'luring the enemy in deep' to 'meeting the enemy at the gate' – aggressiveness in its actual behaviour has been toned down. This indicates that China's international behaviour is more related to the decision-making mechanism than the non-democratic

nature of its regime itself. In this regard, liberals' assumption that there is a positive correlation between a particular type of regime and international behaviour cannot be fully supported.

What was more important for China's foreign policy-making is that the security environment was not favourable to China during most of the Maoist era. Rapprochement with Washington in the early 1970s greatly contributed to Beijing's improved security environment, by removing the security threat from Indochina and forming a united front against the Soviet Union. It also allowed the mainland to gain access to international economic organisations and developed countries' markets, funds and technologies. Although the arrest of the 'gang of four' also helped pave the way for Deng's 'open door' policy, without these international conditions China could not have opened the door to build its economy which, in turn, led to a change in the nature of the CCP regime. This point clearly demonstrates that political relations largely determine economic relations, and that international political relations were largely determined by the geopolitical setting. In this sense, international factors are more influential on China's international behaviour than various domestic factors.

Chapter 5

China's Attitude Towards the South China Sea Disputes

Introduction

The PRC had territorial disputes with almost all its neighbours at the time of its establishment in 1949. Some were resolved, but others remain unsolved. As was examined in the previous chapter, past evidence shows that Beijing has tended to resort to military action to deal with territorial disputes. However, China's policies towards overlapping territorial claims can be roughly divided into three patterns. The first, and traditional, pattern is to use force or to threaten use of force; the border wars with India in 1962 and the Soviet Union in 1969 fall into this category. China also resorted to force against South Vietnam over the Paracels in 1974. Regarding Taiwan, the PRC not only bombed the KMT-occupied islands, such as Kinmen and Matsu, during the 1950s, but also tried to affect the outcome of Taiwan's presidential election in 1996 by conducting missile exercises near the island, and in 2000 by issuing a white paper stating that Taiwan's indefinite prolongation of reunification talk would cause a war, and by displaying military power.¹ The second pattern is to resolve border disputes through negotiation. This pattern can be observed particularly in the 1990s, for example in the case of the land borders shared with Russia, the Central Asian states that had won independence from the former Soviet Union, and Vietnam.² The third pattern, seen in the case of the South China Sea, is 'creeping' expansion, by occupying new reefs and shoals and/or reinforcing the already existing structures while avoiding any military clash.

¹ A few weeks before the Taiwanese Presidential election, China showed its will by letting a 7600-tonne *Sovremenny*-class destroyer, equipped with SSN-22 anti-ship missiles, sail through the Taiwan Strait on its way from Russia to a Chinese naval base. This was the first of the two that Beijing ordered to Moscow in 1997. See "Chinese Purchase of Russian Warship Not a Significant Threat: US", Agence France Presse, 11 February 2000, available at <http://taiwansecurity.org/AFP/AFP-021100-Warship.htm>; and "China's Destroyers Worry Taiwan", Associated Press, 9 February 2000, available at <http://taiwansecurity.org/AP/AP-020900-Destroyers.htm>.

This chapter aims to identify the extent to which the previous chapter's conclusion can be applied to China's attitude towards the South China Sea disputes. In other words, can the CCP government's aggressiveness, based on its *realpolitik* orientation, be largely attributed to the problems of a newly established state until the late-1950s and a changing international security environment thereafter? Answering this question requires examination of a wide range of factors because the South China Sea disputes are multifaceted. They involve not only claimant states but also outside powers such as the United States and Japan. They also contain not only the sovereignty issue, but also economic, political, military and legal aspects. Thus, the first section examines the nature of the disputes and the significance of the South China Sea. This is followed by a brief history of the disputes. After investigating China's possible motivations in expanding far beyond its coast, the future prospects for the disputes will be outlined.

1. Background

1) Geography³

The disputed waters called the South China Sea are encircled by Taiwan, the mainland China's southern coast, Vietnam, Malaysia, Brunei and the Philippines (**Map1**). Among these claimants, the PRC, Taiwan and Vietnam lay claim to the entire area. Mainland China has reiterated its official line, since just before the San Francisco Peace Conference in September 1951, that

² China concluded border treaties with Russia, Kazakhstan, Kyrgyzstan and Tajikistan in 1996, and with Vietnam for the land border in 1999.

³ This section depends on Chi-Kin Lo, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands* (London and New York: Routledge, 1989), pp.10-11; Marwyn S. Samuels, *Contest for the South China Sea* (London: Methuen, 1982), p.3; Esmond D. Smith, Jr., "China's Aspirations in the Spratly Islands", *Contemporary Southeast Asia* 16(3), 1994, p.276; and Henry J. Kenny, "The South China Sea: The Dangerous Ground", *Naval War College Review* 49(3), 1996, p.99.

... just like all the Nan Sha Islands (Spratlys), Chung Sha Islands (Macclesfield Bank) and Tung Sha Islands (Pratas), Si Sha Islands and Nan Wei Island have always been China's territory.⁴

However,

The Pratas are currently under the control of the Taiwanese (Republic of China, ROC) government. The dispute over them may be understood as part of the unresolved struggle between the two rival Chinese governments for control over the entirety of China. Macclesfield Bank, however, is permanently submerged and the question of exercising control over it is not a practical matter.⁵

For this reason, the scope of this discussion is limited to the Paracels and Spratlys.

The Paracel archipelago is composed of fifteen islands and about twelve reefs and shoals. It is located between latitude 16° and 17°N, less than 150 nautical miles from the southeast of China's Hainan Island and about 240 nautical miles from Da Nang in Vietnam. It can be divided into two groups, namely the Amphitrite Group (northern part) and the Crescent Group (southern part). The most important island is Woody Island (belonging to the Amphitrite group) which is 2 kilometres long and 1 kilometre wide (**Map 2**).

The Spratly archipelago is composed of more than 100 islets, reefs, shoals and sand banks, stretching more than 1000 kilometres from southeast to northwest, and covering an area of about 180,000 square kilometres. Many of the features are submerged at high tide. It is located between latitude 4° to 11°30'N and longitude 109°30'E. By nearest point measures, it is 650 kilometres from Cam Ranh Bay in Vietnam, 750 kilometres south of the Paracels, 1000 kilometres from China's Hainan Islands to the northern-most of the Spratlys, 250 kilometres from the Sabah coast, 160

⁴ Supplement to People's China, 1 September 1951, pp.1-6, cited in Lo, *China's Policy Towards Territorial Disputes*, p.28.

⁵ Ibid., pp.5-6.

kilometres from Malaysia's Sarawak coast and 100 kilometres from the Philippines' Palawan Island (**Map 3**).

2) Significance of the South China Sea

The South China Sea is a focus of various kinds of interest not only for the claimants but also for outside powers such as the United States and Japan. Those interests involve not only political (sovereignty) but also economic, strategic and legal dimensions.

Regarding economic interest, the South China Sea is characterised as rich in resources, both living and non-living. It has been a rich fishing ground, and the littoral counties in particular have benefited from it, partly because fish is traditionally a major component of the diet, and partly because fishery is an important industry for some of the regional countries.

The South China Sea was also believed to contain large oil and natural gas reserves. This belief can be dated back to 1968-1970, "when an extensive undersea seismic survey was conducted under the sponsorship of the United Nations Committee for the Co-ordination of Joint Prospecting in Asian Off-shore Areas".⁶ In addition, by the mid-1970s, offshore oil drilling became technologically available and economically feasible.⁷ However, it is difficult to judge correctly how large those reserves really are: estimates vary widely. For example, a Chinese survey, conducted by the Ministry of Geology and Mineral Resources and reported in May 1989, estimated about 17.7 billion tons of oil and natural gas deposits, ranking the South China Sea fourth in the world and surpassing Kuwait (estimated reserves of 13 billion tons).⁸ Another, more specific survey

⁶ Smith, "China's Aspirations in the Spratly Islands", p.278.

⁷ Ibid.

⁸ Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection", *Survival* 37(2), 1995, p.44.

of the Spratly Islands by China, announced in December 1989, reported that "The sea floor contained 25 billion cubic metres of natural gas, 370,000 tons of phosphorous and 105 billion barrels of oil" and "the James Shoal area contained another large deposit basin with an estimated 91 billion barrels of oil".⁹ In addition, a Russian study in 1995, conducted by the Research Institute of Geology of Foreign Countries, estimated that "the Spratly area could contain up to six bn [billion] barrels of oil equivalent, of which 70% could be natural gas".¹⁰ While there are criticisms that these estimations are optimistic,¹¹ the Occidental Corporation's drilling off northwest Palawan in about 1,280 metres of water in December 1994 implies the existence of the reserves of oil large enough to "justify the expense of deep-water drilling, perhaps 100-150m barrels at a lifting cost of \$10 per barrel".¹² China's past experience proved, however, that the South China Sea was not as promising as had been expected, because only 39 wells out of 120 wells drilled between 1980 and 1984 revealed oil and gas.¹³

Strategic interests are largely a matter of maintaining sea lanes of communication (SLOC), for both commercial and naval vessels. Since more than 50 percent of the ASEAN states' trade is conducted with East Asian economies, assurance of free navigation through regional waters is critically important not only for economic welfare but also survival. Even more importantly, the South China Sea is located on the route linking the Indian Ocean and North East Asia. More than 80 percent of the oil that Japan imports from the Middle East is transported across this sea. As China's economy

⁹ *China Daily*, 24 December 1989, cited in John W. Garver, "China's Push Through the South China Sea: The Interaction of Bureaucratic and National Interests", *China Quarterly* 132, 1992, p.1015.

¹⁰ Mark J. Valencia, "China and the South China Sea Disputes", *Adelphi Paper* 298, 1995, p.10.

¹¹ *Ibid.*; and F.F. Durkee, 'Oily Claims', *Far Eastern Economic Review*, 30 March 1995, p.4.

¹² Valencia, "China and the South China Sea Disputes", p.11.

¹³ Mamdouh G. Salameh, "China, Oil and the Risk of Regional Conflict", *Survival* 37(4), 1995 96, p.134. In the South China Sea, the area around Po Hai Gulf in China is considered to be most promising. See Selig S. Harrison, *China, Oil, and Asia: Conflict Ahead?* (New York: Columbia University Press, 1977), Chapter 3.

develops, its dependence on imported oil, particularly from the Middle East, has been increasing. Thus, Japan and China are expected to compete, in the future, not only over Middle East oil itself but also to secure the trading route running through the South China Sea.

The sea is also strategically important for the US Navy, which needs free access to conduct its operations and exercises. The South China Sea may have added value in the light of United States pursuing the Theatre Missile Defence (TMD) system in Asia, since it is expected to be sea-based. In order for the system to be effective, ships (both surface and submarines) that launch anti-ballistic missiles need to be close to the missile sites. So, free navigation for the US Navy in the South China Sea, particularly in the area near the mainland's south coast, where some of China's missile sites are located, is increasingly crucial not only to complete the system but also to defend Taiwan. This means that the US needs to maximise the area of free navigation by minimising waters subject to coastal states' sovereign rights. This is why Washington resisted Beijing's demand for an apology over the row caused by the US EP-3: the US position was that the incident occurred over international waters, rather than within China's 12-mile territorial limit. An apology might have been taken to mean that the United States accepted China's sovereignty claim over the entire South China Sea.¹⁴

Conversely, the South China Sea is increasingly important for Beijing's strategic thinking. If confrontation between China and Taiwan were to have a spillover effect (by interfering with or threatening SLOCs, for example) to the South China Sea, the Chinese would have to take into consideration the possibility of US involvement. It has been pointed out that China's behaviour in the South China Sea may be aimed – at least in

¹⁴ "Tokyo Walks Tightrope as Elderly Chinese 'Await' War", *Asia Times*, 10 April 2001, available at <http://www.atimes.com/japan-econ/CD10Dh02.html>.

part – at establishing a foothold in order for the blockade of Taiwan to be more effective¹⁵ in the case of military confrontation across the Strait.

SLOC security could be threatened in several ways: 1) accidents;¹⁶ 2) low level threats such as piracy and terrorism;¹⁷ 3) regional military conflict, particularly that involving China over the Spratlys, Taiwan and oil exploration in the South China Sea;¹⁸ and 4) the littoral states' 'creeping jurisdiction'.¹⁹ The possibility of a large-scale military clash between the ASEAN states is considered to be low (although small scale military skirmishes could occur), because ASEAN has an established norm of peaceful resolution through the Treaty of Amity and Cooperation and the ASEAN Declaration on the South China Sea. The degree of uncertainty rises when China is involved, however. Although in 1995 the Chinese government made clear its will to guarantee free navigation in the South China Sea,²⁰ doubt was cast on the credibility of this guarantee by its missile exercises off Taiwanese ports during the Taiwanese presidential campaign in 1996, and the US spy plane incident in April 2001. These cases imply that China could attempt to restrict freedom of international navigation for security reasons.

Another important factor, particularly for military vessels and aircraft, is exercise of the so-called 'creeping jurisdiction' by the coastal states which attempt to restrict

¹⁵ J.R. Nyquist, "Chinese Premier Calls for Nuclear War Preparations", Newmax Com, 23 March 1999, available at <http://www.freerepublic.com/forum/a36f8cf4b0b46.htm>.

¹⁶ Stanley B. Weeks, "Sea Lines of Communication (SLOC) Security and Access", University of California, Institute on Global Conflict and Cooperation, *Policy Paper* 33, 1998, available at <http://www-igcc.ucsd.edu/>.

¹⁷ Ibid.; and Seo-Hang Lee, "Security of SLOCs in East Asia", University of California, Institute on Global Conflict and Cooperation, *Policy Paper* 33, 1998, available at <http://www-igcc.ucsd.edu/>.

¹⁸ Mark J. Valencia, "Asia, Law of the Sea and International Relations", *International Affairs* 73(2), 1997, p.274

¹⁹ Weeks, "Sea Lines of Communication (SLOC) Security and Access". See also Lee, "Security of SLOCs in East Asia"; and Valencia, "Asia, Law of the Sea and International Relations", p.275.

²⁰ "While safeguarding its sovereignty over the Nansha [Spratly] Islands and its maritime rights and interests, China will fulfil its duty of guaranteeing freedom of navigation for foreign ships and air routes through and over the international passage of the South China Sea according to international law." PRC Ministry of Foreign Affairs, *Beijing Review* 8-14 May 1995, p.22.

freedom of navigation for security reasons. For example, a number of Asian coastal states have created military warning zones, and/or require other parties to secure permission before entering particular waters,²¹ although foreign military vessels and aircraft are allowed innocent passage in and over the coastal states' 12-mile territorial seas by the UNCLOS. Thus, the easiest way to maintain SLOC security is to secure the maximum area of high seas, thereby preventing any coastal state from exercising unilateral sovereignty.

Since the disputed area (the Spratlys) is well-known as 'dangerous ground', vessels usually use a route near the Vietnamese coast, far west of the Spratlys. In this regard, the political impact of Spratly disputes on SLOC security appears insignificant. However, the Spratly islands are considered to offer strategic importance "as bases for sea-lane defence, interdiction and surveillance".²² In the past, Japan used Itu Aba, the biggest island in the Spratlys, as a base in the invasion of British, French and Dutch colonies in Southeast Asia and to fight against US forces during World War Two. More recently, on 3 February 1988, the PRC began construction of an observation station on Fiery Cross Reef in the Spratlys, which the United Nations Educational, Scientific and Cultural Organisation (UNESCO) had asked China to build in March 1987. Although this was not built for military purposes, it definitely provided China with not only a justifiable reason to *start* a permanent presence in the Spratlys, but also an opportunity to boost its claim in the South China Sea. If the Spratly islands have strategic significance to defend and or

²¹ "Burma, India and Vietnam still have military warning zones 24 nm [nautical miles] wide, while Cambodia and Indonesia have declared such zones 12 nm wide. North Korea has a military warning zone of some 50nm off both of its coasts. Alien warship and military aircraft are prohibited from these waters; in the Vietnamese zone, other vessels also must secure permission to pass through these waters. China also disputes the right of innocent passage through its 12 nm territorial sea and after June 1997 will require permission to be sought for foreign warships to enter Hong Kong waters". See Valencia, "Asia, the Law of the Sea and International Relations", pp.275-276.

²² Ibid., p.269.

threaten SLOC in the South China Sea, the course of the Spratly disputes could influence SLOC security.

Resolving the South China Sea disputes through legal measures seems to be almost impossible for a number of reasons. First of all, no claimants want to submit cases to the International Court of Justice. Even if one or more claimants attempt this, resolution is still not feasible because China asserts its sovereignty over the South China Sea as indisputable. Second, no claimant is able to make a persuasive case for a stronger claim than the others, because some of the claimants assert their sovereignty based on 'historical use', which is difficult to prove. This is why the claimants do not want to depend on legal measures. Finally, and most importantly, resolution of territorial disputes requires political agreements among the parties concerned, and is not simply a matter for the judgement of a neutral party. For this reason, the discussion below will not focus on details of the legal aspect.²³

2. Brief history

According to the claims propounded by the PRC and Vietnam, each claims to have traditionally owned the South China Sea. Although both states have well-documented records (though, of the two, China's are much better-documented), it is difficult to determine who had exercised sovereignty, in terms of effective control in particular. Besides, it is uncertain to what extent they could exercise their sovereignty under the

²³ For the discussion about the South China Sea disputes from the legal point of view, see Hungdai Chiu and Choon-Ho Park, "Legal Status of the Paracel and Spratly Islands", *Ocean Development and International Law Journal* 3(1), 1975, pp.1-28; Choon-Ho Park, "The South China Sea Disputes: Who Owns the Islands and the Natural Resources?", *Ocean Development and International Law Journal* 5(1), 1978, pp.27-59; Barry Buzan, "A Sea of Trouble?: Sources of Dispute in the New Ocean Regime", *Adelphi Paper* 143, 1978; Gerardo M.C. Valero, "Spratly Archipelago Dispute: Is the Question of Sovereignty Still Relevant?", *Marine Policy* 18(4), 1994; and Xavier Furtado, "International Law and the Dispute over the Spratly Islands: Whither UNCLOS?", *Contemporary Southeast Asia* 21(3), 1999, pp.386-404.

circumstances that China's sovereignty on the mainland itself was at risk during the 'century of humiliation' and that Vietnam was colonised by France from the late nineteenth century until 1954.

An even more important point regarding China's claim, made by Samuels, is that the evidence suggests that China's sovereignty claim in the South China Sea was limited to the Paracels until the end of the 1930s.²⁴ A Cantonese merchant, named Ho Jui-nien, submitted an application form to Kuangtung Provincial Bureau of Mines in 1921 in order to get permission for mining of phosphate and fishing in the Paracels area. He was given permission, but it was cancelled several years later, partly due to conflicting jurisdiction at local government level and partly due to the suspicion that Ho's company was Japanese-affiliated. Nevertheless, this case brought the political and economic importance of the Paracels for China to the attention of the Nationalist government. Subsequently, in May 1928, a government commission sponsored a scientific and naval expedition to the Paracels. After this expedition, a report (*T'iao-ch'a Hsi-sha ch'ün-tao pao-kao shu* [Report on the Investigation of the Paracels Archipelago]) was submitted which claimed:

*The Paracel archipelago is our nation's southernmost territory. However, our people have paid it little attention, and the natural resources of the area have been coveted by foreigners. For several decades now the Japanese have monopolized the trade of the area. However, our government recently realized that our nation's sovereignty over the area could not be allowed to decline and that the resources and industrial potential could no longer be ignored. Thus, preparations for this official investigation were initiated.*²⁵

Since this was an official report, it revealed that the Chinese government did not recognise the Spratlys as its territory at this time. China's sovereignty over the Spratlys was not supported internationally either. The evidence is that the Ho Jui-nien case led the

²⁴ The subsequent sentences depend on Samuels, *Contest for the South China Sea*, pp.55-60.

²⁵ Shen P'eng-fei, *T'iao-ch'a Hsi-sha ch'ün-tao pao-kao shu*, p.5, cited in *ibid.*, p.57. (emphasis added)

Japanese and the French (who colonised Vietnam in 1884) to discuss the status of the Spratlys in 1927. At the beginning of the discussion, the Japanese government suggested to the French that only the Spratlys should be discussed because the status of the Paracels should be discussed between Japan and China. This implies that Japan recognised Chinese sovereignty over the Paracels, and French sovereignty over the Spratlys. However, France announced its claim over the Paracels in December 1931.²⁶ This created tension between France and China. The latter argued that the 1887 Sino-French Convention made it clear that the Paracels belonged to China. The exchange of protests between them continued until April 1939, when Japan declared “the incorporation of *Shinnan Gunto* [New South Islands] and placed it under the administration of Taiwan [then under Japanese rule]”.²⁷

During World War Two, Generalissimo Chiang Kai-shek issued the Cairo Declaration of 27 November 1943, with American President F.D. Roosevelt and British Prime Minister Winston Churchill, which made clear that the Allied Powers would confiscate from Japan “all the islands in the Pacific which she seized or occupied since the beginning of the First World War in 1914, and that all the territories that Japan had stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the Republic of China”.²⁸ The Paracels and the Spratlys were not identified in this declaration as territories that should be returned to the ROC. Subsequently, with the Japanese defeat in 1945, the Supreme Allied Commander ordered all Japanese forces north of 16°N latitude to surrender to the Chinese. This order did not include the

²⁶ Ibid., p.61.

²⁷ Lu Ning, *Flashpoint Spratlys!* (Singapore: Dolphin Books, 1995), pp.39-40 (Emphasis in original). In December 1939, France protested against the Japanese occupation of Itu Aba, claiming that it was a French territory. See *ibid.*, p.39, note 156.

²⁸ Declaration of the Conference of President F.D. Roosevelt, Generalissimo Chiang Kai-shek and Prime Minister W. Churchill in North Africa, US Department of State Bulletin, vol. IX, No. 232, 4 December 1943, cited in Valero, “Spratly Archipelago Dispute”, p.331

Spratlys. However, Nationalist China ordered the Japanese forces in the Spratlys as well as those in Paracels to surrender to them.²⁹ Behind this can be observed China's attempt to assert its sovereignty over the Spratlys. Although China reiterates that not only the Paracels but also the Spratlys have always been Chinese territory since ancient times, China's sovereignty claim, be it by the Nationalists or Communists, appears to have emerged suddenly around the end of World War Two.

The contest over sovereignty in the South China Sea resumed immediately after the end of World War Two. France returned to Vietnam and resumed naval activities in the Spratly area. At the same time, France and Nationalist China began discussions over the status of the islands in late 1945. While finding no solution between them, the Philippines joined in this contest. Japan's attack on British and Dutch colonies and the Philippines from the Spratlys during the war made the Philippines conclude that it needed to incorporate the Spratlys for national defence reasons.³⁰

The issue of sovereignty is basically a political one, and, thus, a political solution was needed, especially under the circumstances that no claimant could justify its claim legally. However, the disputes seem to have missed the best chance for a political *and* legal solution when the Peace Treaty with Japan of 8 September 1951 failed to mention who should assume Japan's 'sovereignty' over the South China Sea, despite the efforts of the People's Republic of China, and Vietnam (still a French colony) to persuade the San Francisco Peace Conference to confirm their sovereignty. For example, Vietnam's Prime Minister, Tran Van Huu, stated that Vietnam had sovereignty over the Paracels and Spratlys, at the seventh Plenary Session of the peace talks on 7 September 1951.³¹ The People's Republic of China made its first official statement about its sovereign claim

²⁹ Lu, *Flashpoint Spratlys!*, p.26.

³⁰ Ibid., p.50.

³¹ Ibid., p.41.

over the South China Sea in August 1951, in response to the Draft Treaty of Peace with Japan. The United States and Britain had prepared the Draft, which did not mention which country should assume sovereignty over the South China Sea from Japan. Subsequently, Beijing not only asserted its sovereignty but also persuaded the Soviet Union to submit an amendment to the Draft Treaty on its behalf, because neither the PRC nor the Republic of China was invited, due to the disagreement between the United States and the Soviet Union about which Chinese government should be present at the Conference. The amendment fully confirmed the PRC's sovereignty over Chung Sha (Macclesfield Bank), Tung Sha Islands (Pratas), Si Sha (Paracel) Islands and Nan Sha (Spratly) Islands. However, this amendment was rejected, mainly because of an objection from the United States, the dominant state in the Conference, and partly because of the Soviet Union's confusion about geographical recognition in the South China Sea.³² On 8 September 1951, the peace treaty was finally signed. Article 2, which referred to Japan's renunciation of rights over the South China Sea, provided that "Japan renounces all rights, title and claim to the Spratly Islands and to the Paracel Islands".³³ The problem of which state(s) should assume sovereignty was left unresolved.

Due to the absence of the ROC government from the San Francisco Conference, Japan started negotiating with the ROC to conclude a bilateral peace treaty. Article 2 of the Sino-Japanese Peace Treaty, signed on 29 April 1952, followed the same pattern as Article 2 of the San Francisco Peace Treaty. It recognised:

³² The amendment proposed that "Japan recognises full sovereignty over the Chinese People's Republic over Manchuria, the Island of Taiwan (Formosa) with all islands adjacent to it, the Pen(g)huletiao Island (the Pescadores), the Tun(g)shatsuntao (the Pratas Islands), as well as over the islands of Sishatsuntao and Chun(g)shatsuntao (the Paracel Islands, the group of the Amphitrites, and the shoal of Maxfield (sic)), and Nanshatsuntao including the Spratly, and renounces all right, title and claim to the territories named herein". See Conference for the Conclusion and Signature of the Peace Treaty with Japan, Record of Proceedings, Washington, D.C., Department of State, 1951, p.119, cited in Lo, *China's Policy Towards Territorial Disputes*, p.28.

³³ United Nations Treaty Series, vol. 136, p. 48, cited in Lu, *Flashpoint Spratlys!*, p.29.

... that under Article 2 of the Treaty of Peace with Japan signed at the city of San Francisco in the United States of America on September 8, 1951. Japan has renounced all right, title and claim to Taiwan (Formosa) and P'eng-hu (Pescadores) as well as the Spratly and the Paracel Islands.³⁴

This was a product of Japan's ambivalent policy towards the treaty during the negotiation with Taipei. On the one hand Japan insisted on naming all the territories that should belong to the ROC, but on the other hand Japan also insisted on following the San Francisco Treaty. As a result, the Sino-Japanese Treaty did not state who should assume the sovereignty over the South China Sea.³⁵

China soon faced a challenge from the Philippines. In May 1956, a Philippine citizen named Tomas Cloma declared discovery and formal possession of 33 features in the Spratly area, covering a total area of 64,976 square nautical miles, under the name of the *Kalayaan* (Freedom) Islands.³⁶ At the same time, he sent a letter to the Philippine Vice-President and Foreign Minister, Carlos Garcia, asking for the government's support, backing and protection of the *Kalayaan*, because his private possession of the features presumed the Philippines' sovereignty.³⁷

The ROC, seriously alarmed by Cloma's 'declaration', despatched a task force to the Spratlys. The Philippine government, on the other hand, told Taiwan that the latter need not be alarmed, because the official position of the Philippines remained pending. Nonetheless, on 19 May 1956, Garcia claimed that some of the Spratly Islands should

³⁴ United Nations Treaty Series, vol. 138, p.38, cited in *ibid.*, p.29.

³⁵ Samuels, *Contest for the South China Sea*, p.80. This position was made clear when Japan recognised the PRC twenty years later. The Joint Sino-Japanese Communiqué, signed on 29 September 1972 in Beijing, stated that "Taiwan and the Pescadores were to be returned to China". New China New Agency, 29 September 1972, p.6, cited in *ibid.* Judging from this Communiqué and Article 2 of the Sino-Japanese Peace Treaty, it is implied that Japan came to regard the Paracels and the Spratlys as Chinese territories by the early 1970s.

³⁶ Lu, *Flashpoint Spratlys!*, pp.50-51.

³⁷ *Ibid.*, p.51.

belong to the Philippines, due to their proximity. The PRC protested a week later that it owned the Spratlys.

Another challenge to the PRC emerged in the next month. On 1 June 1956, the Republic of Vietnam (RVN) issued a statement that asserted its sovereignty over the Spratlys in response to Cloma's declaration. The ROC immediately responded by sending an official to the Spratlys. What made the matter more complicated was that the French chargé d'affaires in Manila claimed, on 9 June, that France had not ceded the Spratlys to Vietnam. At the same time, France dispatched a naval vessel to the Spratlys. This was against Vietnam's interpretation that "France's granting Vietnam independence *automatically* included a transfer of sovereignty over the Paracel and Spratly Islands".³⁸ Saigon sent a naval unit to the Spratlys for the first time in the summer of 1956, and annexed the Spratly Islands to its Phuoc Tuy Province. The PRC protested.

The position of the Philippine government became clear when the Vice-President and Foreign Minister finally responded in December 1956 to Cloma's letter stating: 1) the government's recognition of the *Kalayaan* Islands, exclusive of the Spratly group composed of seven islands, as *res nullius*, and thus open for Philippine nationals as long as no country established sovereignty in accordance with international law or recognised by the international society; 2) its view of the seven Spratly Islands as being under the *de facto* trusteeship of the Allied Powers, and thus open to promoting Philippine nationals and any member of the Allied Powers as long as no settlement of the territorial disputes over the Spratlys was achieved; and 3) the government's interest in promoting Philippine nationals' economic activities and settlement in the uninhabited or unoccupied islands as

³⁸ Ibid., p.43. (emphasis in original) The position of the Democratic Republic of Viet Nam was to recognise Chinese sovereignty over the Paracels and the Spratlys until the eve of reunification in 1975. This caused deterioration in the relationship between Vietnam and the PRC.

long as they were legitimate.³⁹ Interestingly, this line of argument did not meet with any public response from the PRC. After those events, the dispute was relatively calm until the end of the 1960s. The nature of the disputes over the Paracels and the Spratlys until then can be summarised as verbal assertion by the PRC and the Philippines and active promotion of its claim by the ROC and the RVN.

This calmness was broken in the early 1970s when the Philippines and the RVN stepped up support for their claims. The Philippine government made its first official claim to the *Kalayaan* Islands, defined in the December 1956 statement, in June 1971, and subsequently incorporated them into its Palawan province in April 1972.⁴⁰ The RVN contracted an American company to conduct a seismic survey off the eastern and the southern coasts of Vietnam in 1969, and made an official announcement in July 1973 that it had awarded eight exploration blocks to major Western oil companies such as Shell, Exxon and Mobil,⁴¹ negotiation of which began in early 1973. Some of the eight blocks fell into the area that the PRC claimed. In addition, South Vietnam not only incorporated the Spratlys into Phuoc Tuy Province in September 1973 but also strengthened its military activities in the islands from the early 1970s onwards.

The PRC's protest towards the South Vietnam, made on 11 January 1974, was quite acid. In addition to its basic claim that the Paracels and the Spratlys had always belonged to China, it denounced Saigon's administrative decision in September 1973 as 'a wanton infringement of China's territorial integrity and sovereignty' and warned that "The Chinese government will never tolerate any infringement on China's territorial integrity and sovereignty by the Saigon authorities".⁴² The consequence was naval

³⁹ Ibid., p.52.

⁴⁰ Ibid., p52 and p.53.

⁴¹ Samuels, *Contest for the South China Sea*, p.99.

⁴² *Peking Review*, 18 January 1974, p.3.

fighting between the PRC and the RVN on 19 January 1974, following skirmishes between them from 16 to 18 January. The Vietnamese forces were defeated and had to withdraw from the Paracels, allowing the PRC to take over the Vietnamese-occupied islands in the Crescent Group of the Paracels, adding to its control over the Amphitrite Group. Beijing thus established its control over the whole Paracels group.

The PRC's seizure of the Paracels forced the ROC and the Philippines to rush into the Spratlys in order to reinforce their positions. The ROC "reportedly sent two destroyers to the Spratlys in the last week of January and deployed two more destroyers and two landing ships in the first half of February".⁴³ The Philippines also enhanced its presence in the Spratlys, and announced on 5 February 1974 that it had occupied five islands. Since then the 'occupation race' among the claimants, South Vietnam and the Philippines in particular, accelerated.

Saigon, worried about China's expansion in the Spratlys, sent its troops to the Spratlys and seized six islands immediately after its defeat in the Paracels. At the same time, it began diplomatic appeals to the United Nations Security Council and to the signatories of the Paris Agreement of 1973, in order to win international support. However, these diplomatic efforts did not bear fruit, because even its closest ally, the United States, had already started collaborating with the PRC to contain North Vietnam after the establishment of diplomatic relations with Beijing in 1972. Regarding the RVN's activities in the Spratlys, the PRC issued in February 1974 the same line of warning as in January 1974. However, "Almost certainly because of the complexity of the dispute over the Spratly Islands and the limitations in its military capability, China's warning this time was not translated into action".⁴⁴

⁴³ Lu, *Flashpoint Spratlys!*, p.45, footnote 188.

⁴⁴ Lo, *China's Policy Towards Territorial Disputes*, pp.57-58.

North Vietnam's position began to change dramatically around this time, as became clear when its navy seized the six South Vietnamese-occupied islands, apparently out of fear of pre-emption by China, on 11 April 1975, which was "almost three weeks *before* the capture of Saigon".⁴⁵ Subsequently, Vietnam printed a map, including the Paracels and the Spratlys in its territories, in its official newspaper in May 1975. Beijing did not make any public protest at this time. However, China criticised Vietnam's "unreasonable attitude" in a memo issued by its Ministry of Foreign Affairs (MFA) to Hanoi in September 1975.⁴⁶

In addition to the occupation race, oil exploration emerged as an important factor during the 1970s. In 1976, the Philippine government signed a contract with a Swedish-Philippine consortium for oil exploration in the Reed Bank area. The PRC protested, claiming sovereignty over the Paracels and the Spratlys and stating that "Any foreign country's claim to sovereignty over any of the Nansha island is illegal and null and void".⁴⁷ Hanoi also took a step towards oil exploration. When Saigon fell, Hanoi at once cancelled the oil exploration contracts which the Saigon regime had signed in 1973. However, it started signing with non-US western oil companies in 1976.

In sum, the nature of the disputes after the 1974 military clash until the end of the 1970s can be described as follows: 1) an occupation race emerged among the claimants. Vietnam and the Philippines in particular; 2) the Spratlys became the major theatre of the contest; 3) the oil factor emerged as an important element in the contest; and 4) the PRC's protests were purely declaratory. However, the last element began to change in the 1980s, when the PLA Navy's (PLAN's) capability had been enhanced, while other

⁴⁵ Garver, "China's Push Through the South China Sea", p.1005 (emphasis in original).

⁴⁶ Ibid., p.1006.

⁴⁷ *Peking Review*, 18 June 1976, p.4.

elements remained the same; this seems to be the very factor that marked a distinction between the disputes before the end of the 1970s and those in the 1980s.

China's 'entry' into the Spratlys started in November 1980 when two H-6 bombers conducted Beijing's first air patrol over the Spratlys, and by 1983 "there were repeated PLA-N air patrols in the Spratlys".⁴⁸ In April and May 1983, the Oceanographic Bureau sent research vessels into the Spratlys waters, covering 'a wide strip of ocean north of the Spratlys from near the Vietnamese coast eastward to just off the Philippine coast'.⁴⁹ In May of the same year, the PLA Navy undertook an excursion in order to survey James Reef, which the PRC regards as 'the southern-most outpost of China's territory'.⁵⁰ (Map 1). Its purposes were patrolling and training, including familiarising its personnel with the Spratlys waters. The participants of this mission included naval vessel commanders, professionals and chief navigators, school and college instructors, and so forth.⁵¹ In 1984, "the South Seas Oceanic Research Bureau of the Chinese Academy of Science conducted the first comprehensive survey of the Spratlys, taking the longer route south along the west coast of the Philippines and Palawan Trough to James Shoal, before turning north to the Spratlys".⁵² This survey seems to have enabled the PLA Navy's first large-scale patrol of the Spratlys from 16 May until 6 June 1987.

China's construction of an observation station on Fiery Cross Reef started on 3 February 1988. On 31 January 1988, the Vietnamese navy escorted workers and construction materials headed for Fiery Cross Reef. However, the Chinese intercepted the Vietnamese vessels and turned them away.⁵³ Meantime, Chinese task forces arrived

⁴⁸ Garver, "China's Push Through the South China Sea", p.1008.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid., p.1009.

⁵³ Ibid., p.1012.

at Fiery Cross Reef in the beginning of February. Judging from the information that the “order of battle included Luda-class guided missile destroyers from the South and East Sea Fleets”,⁵⁴ the PRC was prepared for a battle with Vietnam. On 17 February, Vietnamese vessels were discovered by the Chinese in the vicinity of Guarteron Reef, which is located between Fiery Cross Reef and Spratly Island, the Vietnamese main base in the group. The Vietnamese ships were heading towards Fiery Cross Reef, and were followed by a Chinese destroyer. The Sino-Vietnamese confrontation finally led to the clash on 14 March 1988 at Johnson Reef, which was ‘unoccupied’ according to the Chinese claim but ‘under Vietnamese control’ according to the Vietnamese. The Chinese were better prepared and had superior forces. After less than half an hour, the battle ended in a Chinese victory. On the Vietnamese side, one vessel (freighter) was sunk and two (one freighter and one landing ship) badly damaged, with 77 killed or missing. In August 1988, China’s observation station on Fiery Cross Reef was completed. During 1988, the PRC occupied further features to six and increased the number of its occupations to eight in 1989.

After the March 1988 military clash, most claimants were even more inclined to make *faits accomplis* to strengthen their claims, such as allocating concessions to foreign oil companies and occupying and/or fortifying the islands and reefs under control. On the other hand, there were some movements towards seeking resolution of the disputes through informal discussion. For example, Indonesia took the initiative to sponsor a workshop to discuss the South China Sea disputes. At the first 1991 workshop meeting in Bandung, all claimants agreed to resolve the dispute peacefully and refrain from taking unilateral actions so as not to jeopardise the dialogue process.⁵⁵ There was also a change

⁵⁴ Lu, *Flashpoint Spratlys!*, p.88.

⁵⁵ Valencia, “China and the South China Sea Disputes”, p.13.

in Beijing's attitude towards the disputes. Chinese Premier Li Peng made clear, during his visit to Singapore in August 1990, that China was ready to enter into joint (bilateral) arrangements for oil exploration while putting aside the matter of sovereignty. Beijing's intention *appeared* to be cooperation and confidence building among the claimants, leading to a solution of disputes in the future.

However, many cases have been observed where there was a discrepancy between the Chinese government's words and deeds. For example, China signed a contract with a U.S. oil company, Crestone Energy Co., in May 1992 to explore for oil in an area which overlaps the Vietnamese claim. This occurred three months after the People's National Congress passed the Law of the People's Republic of China on the Territorial Sea and Contiguous Zone on 25 February 1992, which empowered the PLA to use force if necessary in order to protect its sovereignty claim and economic interests in the South China Sea. In addition, during the Indonesian-sponsored workshop in Jogjakarta in July 1992, China occupied the Vietnamese-claimed Da Lac Reef. This event forced the Philippines, the host country of the ASEAN Foreign Ministers' Meetings in July 1992, to take the initiative for ASEAN to issue a Declaration on the South China Sea, which called for a peaceful solution of the disputes. This declaration, however, failed to win wide support from the extra-regional powers such as the United States and China, despite their official positions favouring peaceful resolution. The reasons are thought to be that the US wanted to stay neutral about the disputes as long as freedom of navigation was guaranteed, while Beijing recognised that the declaration was targeted at itself.

These factors, combined with the concern induced by the United States' announcement in November 1992 of its withdrawal from the Philippine bases, contributed to ASEAN's decisions in 1993 to establish a forum for discussing security issues, including the role of extra-regional powers. The ARF met for the first time in July

1994 in Bangkok. It was agreed that the ARF would be a high-level consultative forum, aiming at confidence-building and preventive diplomacy and that ASEAN's Treaty of Amity and Cooperation in Southeast Asia should be respected as a code of conduct.

An acute challenge to ASEAN emerged in February 1995 when the Philippines discovered that the Chinese had been constructing what they called 'shelters for fishermen' on the Philippine-claimed Mischief Reef. Until this time, it was widely believed that China would act aggressively only towards Vietnam. China's targeting an ASEAN member destroyed this illusion. Moreover, Vietnam's accession to ASEAN in July 1995 may have deepened ASEAN's concern about its possible direct involvement in the confrontation between China, on the one hand, and the Vietnam and or the Philippines, on the other. Nonetheless, ASEAN was able to speak with one voice against China's behaviour on Mischief Reef at the ASEAN-China SOM in April 1995. ASEAN's collective voice led to China's compromise in agreeing to place the South China Sea disputes on the formal agenda for future ASEAN-China SOM.

In July 1995, at ASEAN's Annual Ministerial Meeting in Brunei, the Chinese Foreign Minister, Qian Qichen, claimed that "China would be willing to use international law and UNCLOS as a basis for negotiating the issues it would discuss with all seven ASEAN members".⁵⁶ However, this was proof that China used international law in order to justify its claim, rather than as a tool to seek a solution. Evidence can be seen in the Chinese government's announcement in May 1996 of baselines for not only the mainland's coast but also for the Paracels. Subsequently, in the same month, the PRC ratified UNCLOS.⁵⁷ Not surprisingly, other claimants, Vietnam in particular, protested.

⁵⁶ Ibid., p.23.

⁵⁷ "By this, it was estimated that China would expand the area of the sea under its jurisdiction to about 3,000,000km² from the present 370,000 km². As far as the baselines drawn for the Paracels were concerned, they were based on the rights or conventional practice of an archipelagic state, thus

Tension among claimants over the Spratlys was submerged until October 1998 when the Philippines discovered that China had been expanding its structures on Mischief Reef. Manila not only strongly protested but also tried to internationalise this case in order to attract attention from the international community, thereby finding a way for a resolution, or at least gaining support for the Philippines' case (see below). However, Manila could not gain enough support even from other ASEAN members, which were preoccupied with dealing with the aftermath of the Asian financial crisis which had started in July 1997. More importantly this disarray among the ASEAN states was essentially a reflection of their different threat perception about China. In addition, ASEAN as a whole was reluctant to accuse Beijing, for fear that China might devalue the currency, the yuan, in retaliation against ASEAN's collective voice. The ASEAN members were also grateful for China's financial support to the crisis-hit nations. All these factors prevented ASEAN from provoking collectively against China's reconstruction on Mischief Reef.

However, this event forced ASEAN to think seriously about having a regional code of conduct in the South China Sea, following the bilateral codes of conduct established between China and Vietnam, and China and the Philippines. Since there are still some essential differences to be resolved, the regional code of conduct has not been concluded (for details, see Chapter 2). Since the beginning of 2000, the theatre of tension shifted from Mischief Reef to Scarborough Shoal, which is located in the Philippines' 200-mile exclusive economic zone (EEZ), due to Chinese fishing boats' increasing presence and activities, not only in terms of fishing but also of poaching of endangered species such as turtles and coral. In 2001 the Arroyo government not only lodged a diplomatic protest with China but also directed the Philippines armed forces to confiscate

allowing it to expand the area of waters under its jurisdiction". See Lee Lai To, *China and the South*

what the Chinese fishermen had caught. These Philippine actions met diplomatic counter-protest by Beijing.

Regarding bilateral relations (between Vietnam and China, and the Philippines and China), three of them made efforts to improve their relations, at least so as to avoid the dispute having a spillover effect on overall relations. In the case of Vietnam, when the Chinese President Jiang Zemin visited Vietnam in November 1994, Jiang Zemin and Do Muoi, the Vietnam Communist Party chief, agreed to "put their differences aside and focus on improving relations". And in May 1995, Foreign Ministers of the two countries "agreed to resolve the disputes through peaceful negotiations; to disavow the use and threat of force; to refrain from any action that might aggravate the disputes; and to prevent the disagreement from affecting the normal development of bilateral relations".⁵⁸ Since China's target shifted to the Philippines, their overall relations have been improving to the point where Beijing and Hanoi resolved their land border dispute in December 1999, while demarcation of maritime borders is not in sight. Besides, when Chinese President Jiang Zemin visited Vietnam in 2000, they agreed to enhance their military cooperation. However, this does not mean that they have no bilateral problems. For example, Beijing and Hanoi still compete for influence over Cambodia and Laos. In addition, Vietnam's *Saigon Giai Phong* paper revealed in February 2001, when Defence Minister Chi Haotian visited Vietnam, a report from a Vietnamese naval patrol that the Chinese had violated Vietnamese maritime territory nearly 300 times during 2000.⁵⁹ Needless to say, the Chinese side protested against this report by reiterating its official line that other claimants' activities in China's integrated territory were illegal and invalid.

China Sea Dialogues (Westport, Connecticut and London: Praeger, 1999), p.77.

⁵⁸ Valencia, "China and the South China Sea Disputes", p.37 and p.38.

⁵⁹ Carlyle A. Thayer, "Regional Rivalries and Bilateral Irritants", CSIS Pacific Forum Comparative Connection: China-ASEAN (1st quarter 2001), available at http://www.csis.org/pacfor/cc'0101Q_china_asean.html.

In the case of the Philippines, Manila accused Beijing of violating international law and the spirit of the ASEAN Declaration in the Mischief Reef area. After mutual protests and heightened tension, the PRC and the Philippines finally reached an agreement, in August 1995, 'on a code of conduct that rejects the use of force to settle their disputes, and which will be sent to ASEAN for its consultation'.⁶⁰ China's expansion of structures on Mischief Reef in 1998/99 prompted the Philippines not only to call the attention of the international community to the disputes but also to strengthen ties, military in particular, with the United States, while continuing bilateral talks with China. For example, the Philippines made clear in November 1998 her intention to call a conference involving all claimants.⁶¹ In January 1999, China opposed this, while the United States was reported to be willing to host such a meeting.⁶² In February 1999, the Philippines lobbied to discuss the Spratly disputes at the ASEM the following month. This attempt was not realised, however, because of vigorous counter-lobbying by China and her threat to "walk out of the meeting if Manila insists on discussing the claims".⁶³ After this defeat in the diplomatic battle over ASEM's agenda, the Philippines then brought this issue to the United Nations in March 1999.⁶⁴ By this time, the Chinese had finished the three-storey structures which are "of a size and solidity which seems unusual for the fishing industry,

⁶⁰ Valencia, "China and the South China Sea Disputes", p.47.

⁶¹ Sol Jose Vanzi, "RP Proposes Conference of All Spratly Claimants", Newsflash, 15 November 1998, available at <http://www.newlflash.org/198811/h/h1001082.htm>.

⁶² "China Opposes Spratly Meeting", BBC, 13 January 1999, available at http://news.bbc.co.uk/hi/english/world/asia-pacific/newsid_254000/254600.stm; and Sol Jose Vanzi, "US Backs Conference of Spratly Claimants", Newsflash, 13 January 1999, available at <http://www.newsflash.org/1999/01/h1/h1011103.htm>

⁶³ Johnna R. Villaviray, "ASEM Chair Cool to Spratly Issue", *Manila Times*, 23 February 1999, available at <http://www.manilatimes.net/news/news021999j.html>.

⁶⁴ "Erap Asks UN to Help Settle Row on Spratlys", *Philippine Daily Inquirer*, 19 March 1999, available at http://www.inquirer.net/issues/mar99/mar19/news/mews_2.htm. Under ITLOS (International Tribunal on the Law of the Sea), Manila does not need the consent of Beijing to raise the case. China opposed it. See "China Oppose Bringing Reef Issue Before UN Court: Philippines", *China Times*, 14 April 1999, available at <http://www.chinatimes.com.tw//english/epolitic/88041402.htm>.

and are protected by two Chinese military vessels, a transport ship and a survey craft", although China insists that they are shelters for fishermen.⁶⁵

Manila has been enthusiastic about strengthening military ties with the United States, particularly since the Chinese expansion of structures in Mischief Reef. The Estrada government was alarmed by the fact that the Philippines armed forces were unable to defend the country's interests without the US defence umbrella. Manila's security environment was worsened due to the failure of the Philippine Senate to approve renewal of base agreement in 1991 which caused the US withdrawal from the Subic Bay in 1992 and subsequent cool relations between the two governments, which finally led to the US cancellation of annual joint military exercises in 1996. Lack of a solid defence relationship with Washington in the face of growing China's pressure in the Spratlys led Manila to agree to the renewal of the VFA with Washington in August 1998. Before approval by the Philippines Senate in May 1999, President Estrada called for its support, arguing that the VFA would serve to deter Chinese attacks.⁶⁶

Nonetheless, the Philippines was also making efforts not to let the disputes have negative effects on other areas of relations with China. For example, despite the call of Congress leaders, including foreign relations committee chairman Luwalhati Antonio, for review of the one-China policy in April 1999 and a planned visit by Taiwan President Lee Teng-hui for private meetings, the government managed to avoid offending China by

⁶⁵ "Chinese Claim Spratly Island Facilities are Non-Military", BBC, 23 March 1999, available at <http://www.freerepublic.com/forum/a36f759c71e8e.htm>.

⁶⁶ President Estrada was reported as saying on 2 August 1998 that "joint RP-US military exercises resulting from the approval of the Visiting Force Agreement (VFA) could deter Chinese attacks stemming from a dispute over the potentially oil- and mineral-rich Spratlys". "China Won't Go to War Over Spratlys", *Yahoo! News*, 6 August 1998, available at http://dailynews.yahoo.com/headlines/world/asian/story.html?s=n/the_philippines_star/world/19980805/19980805201. However, it needs ratification by Senate; the vote was scheduled to be held in mid- to late-May 1999. Approval of the VFA by Senate was not very optimistic, because there were concerns among senators about the possible increase in crime and prostitution resulting from US forces' visits. Nor was public opinion necessarily supportive, judging from the demonstration by around 2000 Filipinos, protesting the VFA on May 1999. "Thousands Protest U.S.-Philippine Military Accord", CNN, 5 May 1999, available at <http://www.cnn.com/WORLD/asiapcf/9905/05/BC-PHILIPPINES-USA.reut/index.html>.

barring Lee's visit and by abstaining from a UN resolution which condemns China's human rights record.⁶⁷

China, on the other hand, reiterated the formal line, asserting that the South China Sea has traditionally been China's territory and that the disputes should be resolved by peaceful means based on bilateral dialogue. China also opposed any movement towards internationalisation of the disputes, while continuing construction in the Mischief Reef area, ignoring the Philippines' request to remove the structures. In addition, China seemed to lose enthusiasm for discussing its own earlier offer of joint use of the structures. Moreover, Beijing created new tension with the Philippines by allowing its fishermen to fish near Scarborough Shoal. However, China at least demonstrated its serious desire not to damage relations with the ASEAN states unduly, by concluding a bilateral code of conduct with Vietnam and the Philippines, and has been discussing a regional code of conduct.

In sum, the claimants in the South China Sea shifted their emphasis from the vague claim of historical use to UNCLOS-based territorial and EEZ claims in the 1990s. While ASEAN and China discussed a regional code of conduct, each claimant made efforts to strengthen and defend its claim. The latter can be interpreted as each claimant's maximising its *fait accompli* before the establishment of a regional code of conduct, which may freeze the *status quo*. China's overall bilateral relations with Vietnam and the Philippines have appeared equable, although the former's unilateral actions created tensions with the latter. The Vietnamese side revealed China's infringement on Vietnamese maritime territory, while the Philippines faced Chinese expansion on to Scarborough Shoal. While all of them tried not to let the disputes have negative spillover effects, neither Vietnam nor the Philippines was successful in getting more than the

⁶⁷ "Philippine Congress Leaders Calls for Review of One-China Policy", AFP, 24 April 1999, available

official line from China: 1) the disputes should be resolved through peaceful consultation and dialogue, basically bilaterally; 2) China will use international law, including UNCLOS, as a basis for resolving the disputes; 3) each claimant should refrain from conducting any unilateral action which might complicate the issue; and 4) claimants should focus on cooperation such as joint exploration of maritime resource and trade, while shelving the sovereignty issue for the time being. However, a wide gap between Beijing's words and deeds makes it difficult to judge the PRC's real intention and goals in the South China Sea. The next section tries to identify the driving force for Beijing's behaviour in the South China Sea.

3. China's motivations in the South China Sea

China's naval presence in the South China Sea reached a peak in the early fifteenth century during the Ming Dynasty. After this peak, the South China Sea became an open sea which witnessed a number of other countries' vessels (particularly Portuguese, Spanish, Dutch, British and French) pursuing commercial and strategic interests. Although China allegedly exercised sovereign rights as recently as the 1930s, this was limited to the Amphitrite Group of the Paracels, where sovereignty was confirmed by the Chinese commission in 1928. Moreover, Nationalist China's Generallissimo, Chiang Kai-shek, agreed at the Cairo Conference in 1943 that the Paracels and Spratlys were territories over which China was not sure whether it could assume sovereignty. Thus, China's claim to the historical use of the entire South China Sea suggests that Beijing authority suddenly decided to assert its sovereignty around the end of World War Two.

Immediately after the Japanese surrender in 1945, China began to make efforts to obtain international recognition of its sovereignty over the entire South China Sea.

However, China's real intention remains unclear because of the following three facts, at least. First of all, the 1958 Declaration on China's Territorial Sea does not treat the South China Sea as China's internal waters.⁶⁸ Second, between May 1959 and December 1971 a number of warnings against the US were issued "only when U.S. vessels intruded into sea areas within the 12-mile limit of the coasts of the islands" [that is, the Paracels].⁶⁹ And China has never specified the exact extent of its claim: the maps show that China's territorial claim line is open-ended. On the other hand, China has never hesitated to occupy islands, reefs and shoals and/or strengthen its structures on occupied features, whenever possible.

The gap between the Chinese government's words and theory on the one hand, and practice on the other, raises a question about the PRC's motivation in the South China Sea. There are a number of interpretations: 1) China's motivation is simply irredentist;⁷⁰ 2) China has a stronger claim;⁷¹ 3) economic factors can explain China's behaviour;⁷² 4) geopolitical factors are the driving force;⁷³ and 5) a combination of geopolitical calculation and the PLA's growing capability is the motivating factor.⁷⁴

China's effective occupation started in the Paracels only after the 1974 battle with the Vietnamese and in the Spratlys in the late 1980s. Before those occupations were possible, China had no option but to protest verbally due to a number of constraints,

⁶⁸ The Declaration states that: "The Tungsha Islands, the Hsisha Islands, the Chungsha Islands, the Nansha Islands ... are separated from the mainland and its coastal islands by the *high seas*". Quoted in Lo, *China's Policy Towards Territorial Disputes*, p.44 (emphasis added by Lo).

⁶⁹ Ibid., p.30 and p.44.

⁷⁰ Lu, *Flashpoint Spratlys!*

⁷¹ Chiu and Park, "Legal Status of the Paracels and Spratly Islands".

⁷² Bates Gill and Michael O'Hanlon, "China's Hollow Military", *National Interest* 56, 1999, p.60.

⁷³ Lo, *China's Policy Towards Territorial Disputes*; Samuels, *Contest for the South China Sea*; and Shee Poon Kim, "The South China Sea in China's Strategic Thinking", *Contemporary Southeast Asia* 19(4), 1998, pp.369-387.

⁷⁴ Ang Cheng Guan, "The South China Sea Dispute Revisited", *Australian Journal of International Affairs* 54(2), 2000, pp.201-215.

such as the prevailing security, political and economic environment (both domestic and international) and the PLA's limited capability to defend its claim in the South China Sea. As changes in these elements occurred, China's behaviour changed accordingly.

This section tries to identify which of the possible motivations – irredentism, having a stronger claim, economic reasons, geopolitical factors and the PLA's capability – can best explain China's behaviour in the South China Sea. Before investigating China's motivations, it is necessary to examine the meaning of the South China Sea for the Chinese government.

Regarding motivations, China's geopolitical calculation, which a number of observers support, is firstly examined. Then, the oil factor will be considered. China has been a net oil importer since 1993 and with its rapid economic growth will require greater amounts of oil in the future. Thus, discovering new reserves and/or securing the oil supply to the industries are crucial to Beijing's top priority, economic modernisation. Since the South China Sea was believed to hold promising reserves, the correlation between China's behaviour and the oil factor needs to be examined. However, the Spratlys are far from southern China. This means that defending sovereignty and interests in this area inevitably requires the PLA to be capable of achieving this task. Thus, as the PLA, PLAN in particular, has been modernised, it was arguably natural for China to go beyond its coast. Thus, PLA's capabilities should also be examined. It will be argued that 1) the South China Sea disputes are essentially a matter of sovereignty for China, and 2) China's behaviour can be largely explained by a combination of geopolitical calculation and PLA's capabilities. Beijing seems to have been trying to manage the disputes in a wider geopolitical and security context, particularly in terms of the possible military conflict across the Taiwan Strait and US-led TMD system in Asia.

1) The essential meaning of the South China Sea for China

The South China Sea today is valuable in many respects. It is a traditionally rich fishing ground, and is expected to have promising oil and gas reserves. However, it was not until 1968 that an undersea seismic survey was conducted in the South China Sea, while offshore drilling became possible only in the mid-1970s. Moreover, China's onshore production of oil was booming in the early 1970s. China's imperative need for fish as a source of protein emerged in the 1980s when the per capita consumption of fish doubled compared to that in the previous decade. In the 1990s, as Beijing depended more on imported oil and its trade with regional states increased, the South China Sea came to be seen as an important trade route.

Along with national unity, sovereignty is China's most fundamental national interest.⁷⁵ It derives from the Chinese experience of 'a century of humiliation', starting with the Opium War (1839-1842). This experience implanted in the Chinese psyche the importance of a strong state and national unity as a core element of national security. Thus, the communists presented themselves to the public as "the true champions of China's nationalism and guardians of its national sovereignty". Consequently, conceding territory to foreign powers directly links to the question of the legitimacy of the communist regime.⁷⁶ In this regard, "China's emotion over the Spratlys is compounded by its consciousness of, and sensitivity to matters of national sovereignty in general",⁷⁷ once the South China Sea was recognised by the ordinary Chinese as China's territory.

⁷⁵ Chu Shulong, "National Unity, Sovereignty and Territorial Integration", *China Journal* 36, 1996 (July), p.98.

⁷⁶ Chen Jie, "China's Spratly Policy: With Special Reference to the Philippines and Malaysia", *Asian Survey* 34(10), 1994, p.894.

⁷⁷ Ibid.

In addition to the matter of sovereignty, China may have expected the South China Sea to play the role of a buffer zone for its security,⁷⁸ as did the Eastern and Central European states for the Soviet Union. With the fresh memory of Japanese attacks on Southeast Asian countries from bases in Itu Aba in the Spratlys, and given that the prelude of the Cold War had already started by the end of World War Two, it was only natural for China to be concerned about the possibility that the South China Sea might come into her enemies' possession. As the Soviet Union incorporated the Eastern and Central European countries as its satellite states for security reasons, China may have simply needed a buffer zone. With the US pursuing establishment of the sea-based TMD system in Asia at the beginning of the twenty-first century, Beijing's need for the South China Sea as a buffer zone has increased even more.

Whatever the case, either purely as a matter of sovereignty or because of a combination of sovereignty concerns and the need for a buffer zone, China has regarded the South China Sea as an indispensable component of its national security and the Communist Party's legitimacy since 1949. Thus, its claim over the entire South China Sea in the late 1940s was motivated primarily by the necessity of recovering 'lost territory'. However, as China's security environment changed and as the South China Sea's economic and strategic value increased, China's attitude towards the disputes, and its motivations, also changed. The next section examines Beijing's possible motivations in the South China Sea.

2) Motivation 1 : Geopolitics

Beijing's South China Sea policy has been to a large extent influenced by geopolitical factors. From the establishment of the PRC, its security environment was perceived as insecure by Chinese leaders until the end of the Cold War. Immediately after

⁷⁸ Chang Pao-Min, "A New Scramble for the South China Sea Islands", *Contemporary Southeast Asia*

World War Two, China was incorporated into the Cold War structure in which the United States and the Soviet Union confronted each other. While Beijing allied with Moscow, the former faced an imminent security threat by the US in the Korean peninsula. In addition, the United States formed a logistic network linking Okinawa, Taiwan, Thailand and the Philippines based on the bilateral treaties in 1951 and the SEATO in 1954, China viewed this line as an encirclement of China. After the break with the Soviet Union in the early 1960s, it had to deal with threats from two directions. A border war between China and the Soviet Union in 1969 led to Moscow replacing Washington as the primary enemy. Internally, China was preoccupied with the Cultural Revolution. In addition, the PLA was not capable of defending territorial claims far from the mainland. Thus, the best Beijing could do against other claimants' infringement on China's sovereignty in the South China Sea was protest verbally.

The battle with South Vietnam over the Paracels in 1974 was a turning point in China's behaviour in the South China Sea. China for the first time translated its claim into action over 'its territory' far from the mainland, separated by sea. The PLA's capabilities had not been significantly enhanced by the time of the battle. Still, Beijing deployed ships to the Paracels. It is assumed, therefore, that there must have been a reason why China had to act at that time, and a perceived change in the regional balance of power can explain why.

Rapprochement between China and the United States in 1971 had several important consequences. First of all, the United States was no longer recognised as the primary enemy; indeed, the US became a potential ally to contain the Soviet Union. Thus, the pro-American ASEAN states were regarded as an important element in a united front vis-à-vis North Vietnam. Second, the Soviet Union replaced the US as

12(1), 1990, p.24.

China's primary enemy. And the fact that the Soviet Union and India, another enemy of China, concluded the Soviet-India Treaty of Friendship and Mutual Assistance in 1971 fuelled China's concern about encirclement by the Soviet Union. Third, the relationship between North Vietnam and China rapidly deteriorated after the Sino-US rapprochement, because North Vietnam regarded it as "the second major sell-out by China in the thirty years of struggle for independence and liberation".⁷⁹ Thus, by the time the Paracels battle occurred, a new geopolitical structure pitting China against the Soviet Union and North Vietnam had emerged. In addition, the US was scheduled to withdraw from Indochina, thus creating a power vacuum there. Consequently China perceived that the Soviet Union might not only fill this vacuum but also attempt to contain China using the islands in the Paracels originally occupied by South Vietnam, which North Vietnam would take over. It was easy for China to "recover" those islands when they were under the control of South Vietnam, because the United States would not intervene, let alone the Soviet Union. China's objective of excluding Soviet naval power in the South China Sea was realised in January 1974 on the basis of these calculations.⁸⁰

China could also have perceived quite a low possibility of external intervention (from either the US or the Soviet Union) in the 1988 military clash with Vietnam over Johnson Reef. This occurred at the beginning of the end of the Cold War between the superpowers. Sino-Soviet relations were improving after Gorbachev's taking power in 1985, while Soviet-Vietnam relations were deteriorating. Although Vietnam was seeking to withdraw from Cambodia, relations between Beijing and Hanoi were still at their nadir. One symptom of the poor bilateral relationship was that Vietnam was enhancing its claim in the waters around Fiery Cross Reef on which China was building an

⁷⁹ Lo, *China's Policy Towards Territorial Disputes*, p.69. The first 'sell-out' was the Geneva Conference on Indochina in 1954. See *ibid*.

⁸⁰ *Ibid*, pp.63-73.

observation station. A military skirmish between China and Vietnam was highly likely, while the Soviets seemed unlikely to intervene in support of Vietnam. Although this was to be the first military operation in the Spratlys, and the modernisation of the PLA had only begun in earnest in 1987, China could calculate on winning against a militarily weak Vietnam if the PLA was better prepared. And it was, as seen by the fact that the Chinese force even opened fire on the un-armed Vietnamese vessels.

The Chinese seizure of the Philippine-claimed Mischief Reef in 1995 shocked the ASEAN states, by “destroying the myth that China would only act aggressively towards Vietnam and leave other claimants alone”.⁸¹ In fact, this ‘myth’ was created by China itself on 16 September 1988 when its ambassador to Manila, Wang Yingfan, promised that its aggressive action was targeted only at Vietnam.⁸² So why did China take action towards the Philippines?

There were several reasons why the Philippines were targeted. First, the Philippines had been quite active, along with Vietnam, in occupying islands and in oil exploration. In China's eyes, the Philippines had long taken advantage of China's need for the Philippines as an ally to form a united front against Vietnam and the Soviet Union. Second, in addition to infringing Chinese sovereignty in the South China Sea, the Philippines had acted against China's interests in many ways. For example, the Philippines had *de facto* official relations with Taiwan, and it not only initiated the issuing of the 1992 ASEAN Declaration on the South China Sea in July 1992 but also sought to internationalise the South China Sea disputes in cooperation with Vietnam. And finally, the Philippines' reaction to the Tiananmen massacre was more in accordance with that of

⁸¹ Valencia, “China and the South China Sea Disputes”, pp.6-7. Ang Cheng Guan points out a possibility that the Mischief Reef action may have been taken by the PLA without approval from the government, since Jiang, the chairman of the Central Military Committee since 1989, did not consolidate his power in the PLA until around 1997/1998. See Guan, “The South China Sea Dispute Revisited”, p.206.

the Western countries than that of the other ASEAN states: "It not only expressed sadness over the killings, but also announced a ban on visiting China by Filipinos and a suspension of civil air link with China, which other ASEAN governments did not".⁸³

Despite those factors, China has not supported the Philippine's New People's Army since the early 1970s, which had been a source of major internal security problems in the Philippines since 1968. However, there was no reason for China to refrain from asserting sovereignty in the Spratlys any more. First, the importance of the Philippines as an ally was lost when the Cambodian conflict was resolved in 1991. Second, the Philippines was one of the weakest among the ASEAN states in terms of military capability, and the possibility of the US intervention was calculated as quite low, due to the US withdrawal from the Philippine bases in 1992 and Washington's stance of distancing itself from the disputes.⁸⁴ And third, the PLA was increasingly capable of achieving its missions in the Spratlys.

Under these circumstances, the Mischief Reef incident could have occurred any time after the closure of the Philippine bases. The next question is why China chose the timing of early 1995. One possible influence was Vietnam's scheduled accession of ASEAN in July 1995. If the Mischief Reef incident was "a message to its adversaries, especially Vietnam, that China had reached a limit and would not accept any further "encroachment" of its territory",⁸⁵ it also meant that neither Vietnam nor the Philippines could any longer hide behind ASEAN. It should be noted, however, that Beijing was

⁸² Sheng Lijun, "Beijing and the Spratlys", *Issues & Studies* 31(7), 1995, p.34.

⁸³ Chen Jie, "Shaking Off an Historical Burden: China's Relations with the ASEAN-based Communist Insurgency in Deng's Era", *Communist and Post-Communist Studies* 27(4), 1994, p.460.

⁸⁴ The US told the Philippines in the aftermath of the 1995 construction in Mischief Reef that "the U.S.-Philippines Mutual Defense Treaty does not automatically cover the Spratlys since they are disputed territory which were not even claimed by Manila until after the Treaty was signed". See Ralph A. Cossa, "Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict", CSIS Asia Pacific Forum Special Report (Hawaii, March 1998).

⁸⁵ Kim, "The South China Sea in China's Strategic Thinking", p.379.

surprised by ASEAN's subsequent unity in expressing their concerns over the Mischief Reef case.

However, to the Philippines' disappointment, ASEAN was very slow to show a unified response to Beijing towards the 1998-1999 expansion of the structure on Mischief Reef. ASEAN's silence can be attributed to at least two factors. The first is the Asian economic crisis. Most ASEAN states were preoccupied with economic recovery. ASEAN was grateful to China for resisting the pressure to devalue the Renminbi. If China were to devalue the Renminbi in response to ASEAN's strong protest, most of the ASEAN states would be compelled to devalue their currencies due to unbearable competition in exports markets, and the signs of economic recovery would be reversed. In addition, there was a general expectation that better economic relations with China would contribute to economic recovery. Furthermore, there was no agreed policy toward China among the ASEAN countries. Under these circumstances, ASEAN could not form a united voice, which may provoke China.

A more important point, perhaps, is that the ASEAN states recognised that they could not dissuade China from using force when she judged it was necessary, as seen in the case of the missile exercises in the Taiwan Strait before and during the presidential election in March 1996. The ASEAN states also knew that economic interdependence and institutional binding were not enough to restrict China. However, ASEAN's military power, even aggregated, did not match China's. As a result, the other claimants in the region had no practical option but to tolerate China's 'creeping expansion'.

China understood the ASEAN states' psyche and was sure that there would be no intervention by the United States. Thus, the timing was favourable for China to impose its will on smaller and weaker neighbours. Probably both China and ASEAN learned a lesson in 1999: China understood that "further expansion will not be seriously protested.

much less contested”⁸⁶ if she could choose her timing and geopolitical setting while ASEAN reconfirmed that “diplomacy is unlikely to stop China from vigorously exercising its claim to the Spratly Islands”.⁸⁷ These understandings were correct, as seen in the case of China's further expansion to Scarborough Shoal since 2000.

3) Motivation 2 : The oil factor

China's behaviour towards its claims before the Paracels battle was relatively simple: it was primarily dominated by the geopolitical environment, and constrained by the limitation of its insufficient military capability. However, with the relatively optimistic reports on the oil and gas reserves in the South China Sea in the early 1970s and technical feasibility of drilling since the mid-1970s, the South China Sea acquired added importance as a source of economic development. China's participation in the United Nations Committee on the Peaceful Uses of the Sea-bed and the Ocean Floor Beyond the Limits of National Jurisdiction during 1972-1973 is considered to have stimulated China's interest in maritime space and maritime rights.⁸⁸

China's interests in natural resources as well as rights to the islands' surrounding water were, for the first time, expressed in its protest against South Vietnam in January 1974, responding to South Vietnam's incorporation of the Spratlys into Phuoc Tuy Province in September 1973:⁸⁹

The government of the People's Republic of China hereby reiterates that the Nansha, Hsisha, Chungsha, and Tungsha Islands are all part of China's territory. The PRC had indisputable sovereignty over these islands. *The natural resources in the sea area around them also belong to China.*⁹⁰

⁸⁶ Ralph A. Cossa, “Mischievous Reef: A Double Betrayal”, CSIS *PacNet Newsletter* No.49, 22 December 1998, available at <http://www.csis.org/facfor/pac4998.html>.

⁸⁷ “China Remains Firm on Spratlys”, BBC Online Network, 23 March 1999, available at <http://www.freerepublic.com/forum/a36fa0d9329be.htm>.

⁸⁸ Lo, *China's Policy Towards Territorial Disputes*, p.40 and p.61.

⁸⁹ Ibid. p.61.

It was not until 1977 that China's offshore oil programme was developed. Several reasons motivated this programme. First, there were signs that the booming onshore oil exploration would soon end,⁹¹ and China needed to explore and secure control over other reserves. Second, lack of technology had previously prevented China from exploring not only the Tarim Basin and offshore oil. Without the cooperation of the Western oil companies, it was not possible. However, the introduction of Western technology was prohibited by an ideological barrier, especially before 'the gang of four' were arrested. Thus, as soon as the 'open door' policy was introduced in 1978, China began to conduct surveys in the South China Sea and signed contracts with major international oil companies. Other claimants, such as Vietnam and the Philippines, have also been active in oil exploration since the 1970s. The Philippines started oil exploration activities in the early 1970s and drilling by the Swedish-Philippine consortium in the Reed Bank Area begun in 1976 and continued until the early 1980s. Vietnam resumed cooperation with major non-American oil companies in 1976. Since then, both countries have continued oil exploration activities.

The outcome of the offshore exploration was, however, disappointing. In 1996, output from offshore oilfields (mainly off Hainan Island and in the East China Sea)

⁹⁰ *Peking Reviews*, 18 January 1974, p.3 (emphasis added).

⁹¹ China has three major onshore oilfields in eastern and northeastern provinces: namely, Daqing oilfield (Heilongjiang province), Shengli oilfield (Shandong province) and Liaohe oilfield (Liaoning province). They have been exploited since the early 1960s and produced more than 70% of China's total crude oil output. See Ji Guoxing, "Energy Security Cooperation in the Asia Pacific", *Korean Journal of Defense Analysis* 8(2), 1996, p.283; Salameh, "China, Oil and the Risk of Regional Conflict", p.135; and Shao Zuze, Guo Peixing and Li Yong, "Development of China's Petroleum Industry and Its Effect on China-ASEAN Economic Relations", in Chia Soiw Yue and Cheng Bifan (eds.), *ASEAN-China Economic Relations: Developments in ASEAN and China* (Singapore: Institute of Southeast Asian Studies, 1989), p.116, Table 5.3 Petroleum Output of Major Chinese Oilfields, 1986. However, they showed, around this time, signs of depleting in the near future. Other onshore fields in Xinjiang province were also expected to deplete in the early 2000s. See Salameh, "China, Oil and the Risk of Regional Conflict", p.141.

accounted for only 10% of China's total output,⁹² and the South China Sea also proved to be disappointing. Thus, the Chinese government allowed foreign companies to develop the Tarim Basin in 1993. Although it has a large reserve (estimated at 147 billion barrels), its geological complexity and astronomical investment needed for the pipelines to transport oil to China's coastal region make the exploration of this source unprofitable. As a result, the gap between capacity of supply and increasing demands has widened.

There are three measures that the Beijing government can take to fill the supply-demand gap. The first is to import oil. The volume of imported oil has been increasing year by year. For example, imported oil cost China \$376 million in 1986, \$545 million in 1988 and \$1.744 billion in 1989.⁹³ Those amounts accounted for only 1.2%, 1.1% and 2.8% of China's total export earnings. However, it cost \$13.5 billion for the period of January to November in 2000.⁹⁴ Dependence on imported oil has increased accordingly, from 6.6% in 1995 to 11% in 1996, 15% in 1998 and 25% in 2000. This figure is expected to rise to 30-40% in 2010 and 50-60% in 2020.⁹⁵ Since China set a target of 8% economic growth for the Ninth Five-Year Plan, starting in 1996, corresponding oil demand is estimated to be 11.4% of annual growth.⁹⁶ Under these circumstances.

⁹² Erica Strecker Downs, *China's Quest for Energy Security*, RAND Corporation MR-1244-AF, October 2000, available at <http://www.rand.org/publications/MR/MR1244/>, p.7.

⁹³ Larry Chuen-ho Chow, "The Changing Role of Oil in Chinese Exports, 1974-89", *China Quarterly* 131, 1992, p.762.

⁹⁴ "China's Crude Oil Imports Exceed 60 Million Tons", *People's Daily*, 16 December, 2000, available at http://english.peopledaily.com.cn/200012/16/eng20001216_57996.html.

⁹⁵ Dependence rate was collected from the following sources: Strecker Downs, "China's Quest for Energy Security", pp.8-9. See also Sergei Trough, "China's Changing Oil Strategy and its Foreign Policy Implications", CNAPS Working Paper, Fall 1999, available at http://www.brookings.edu/fp/cnaps/papers/1999_trough.htm; and "Oiling China's War Machine", STRATFOR.COM, 11 March 2000, available at <http://www.atimes.com/china/BC11Ad01.html>. According to the volume of imported oil, it was 27 million tons (mt) in 1998, 40mt in 1999, and more than 70mt in 2000. It is expected to import about 100mt in 2010. Trough, "China's Changing Oil Strategy and its Foreign Policy Implications". See also Valencia, "China and the South China Sea Disputes", p.16.

⁹⁶ Salameh, "China, Oil and the Risk of Regional Conflict", p.136, Table 4 Percentage Growth Rates in GDP and Oil Demand for China.

China's dependence on the Middle East in particular will inevitably increase. Evidence can be seen in the fact that China has extended its supply agreement with Saudi Arabia.⁹⁷

The second measure taken by the Chinese government was investing in the exploration of foreign states' oilfields. China made deals with Sudan, Kazakhstan, Venezuela and Iraq in 1997. China wants to diversify its sources of supply, thereby reducing China's dependence on a particular supplier and stabilising domestic petroleum prices by securing a certain volume of oil. China also played an important role in taking the initiative to build pipelines running from oilfields to China, such as one from western Kazakhstan to western China, and one from Turkmenistan to the east coast of China (to be extended to Japan and possibly South Korea). One of the biggest reasons why China has been enthusiastic about building pipelines is considered to be China's incapability of defending SLOCs from the Middle East through the South China Sea to China, where the US Navy is dominant.⁹⁸ According to one study, "With an oil blockade being a primary option for NATO during the recent U.S. military involvement in Kosovo, China gained a clear understanding of U.S. influence with respect to energy flows".⁹⁹ Thus, pipelines were regarded as a more secure way to import oil, avoiding potential US intervention against China's oil supplies. However, the feasibility of this option is

⁹⁷ Daniel Yergin, Dennis Eklof and Jefferson Edwards, "Fueling Asia's Recovery", *Foreign Affairs* 77(2), 1998, p.42. Major oil suppliers to China are Oman, Yemen, Iran, Saudi Arabia, Russia, Indonesia and Angola. See Trough, "China's Changing Oil Strategy and its Foreign Policy Implications". At the end of the twentieth century, China's dependence on the Middle East is around 50%, and it is expected to rise more than 80% in 2010. See *ibid*.

⁹⁸ For a comprehensive study about China's energy strategy and oil exploration activities, see Strecker Downs, "China's Quest for Energy Security". For details about China's relations with Central Asian states and Russia over energy cooperation, see Keun-Wook Paik, "Energy Cooperation in Sino-Russian Relations: The Importance of Oil and Gas", *Pacific Review* 9(1), 1996, pp.77-95; and Amy Myers Jaffe and Robert A. Manning, "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy", *Survival* 40(4), 1998-99, pp.112-131. See also "Oiling China's War Machine", STRATFOR.COM, 11 March 2000; Salameh, "China, Oil and the Risk of Regional Conflict"; Ji, "Energy Security Cooperation in the Asia Pacific"; and Jin Song, "Energy Security in the Asia-Pacific: Competition or Cooperation?", Asia-Pacific Center for Security Studies (15 January 1999, Honolulu, Hawaii), available at http://www.apcss.org/Report_Energy_Security_99.html.

⁹⁹ Trough, "China's Changing Oil Strategy and its Foreign Policy Implications".

questionable. One of the most serious bottlenecks is a lack of capital. Another important factor is that these pipelines are running through politically unstable areas. Consequently, this option has not been pursued further.

The third measure that the Chinese leaders are considering is to build a strategic oil reserve. The National People's Congress discussed it in March 2000. This strategic oil reserve is also expected to serve as a cushion in time of petroleum price hike. It also undermines adversaries' supply disruptions, thereby reducing China's vulnerability. However, China needs to invest a huge amount of money. According to a report, "At today's oil price, a 90-day reserve to satisfy China's current demand of 4 million barrels per day would cost more than \$10 billion – about the same amount as its official defense expenditure for 2000".¹⁰⁰ It would be feasible, though, because the government may be able to take advantage of China's largest petrochemical company Sinopec's (China Petroleum and Chemical Corp.) decision that it plans to "double its oil stockpiles from the current 5-6 million tons in two or three years".¹⁰¹

What implications, then, can be drawn from considering the oil factor in the South China Sea dispute? Judging from the demand-supply balance, which will see increasing demand for oil paralleling further economic development and modernisation, it is obvious that China needs new sources of oil to satisfy its demand. In this regard, reserves in the South China Sea have constituted one of the options.

However, the South China Sea has not lived up to expectations so far, and China has turned to the Middle East countries, Central Asian states and Russia in order to secure its oil needs. She is also considering diversify energy sources, including greater

¹⁰⁰ "Oiling China's War Machine", STRATFOR.COM, 11 March 2000. See also Eric Ng and Agencies, "First Step Towards Strategic Reserve", *South China Morning Post*, 17 March 2001, available at <http://biz.scmp.com/ZZZ8PYNJDKC.html>.

¹⁰¹ Xie Ye, "Nation to Stockpile Oil in Case of Crisis", *China Daily*, 16 March 2001, available at <http://www.chinadaily.net/cover/storydb/2001/03/16/mn-boil.316.html>.

use of natural gas and nuclear energy. In this respect, "a military grab for "one potentially minor oil field" in the Spratlys does not make economic sense".¹⁰² It can be concluded, therefore, that China's need for oil does not seem to be a deciding factor in her behaviour in the South China Sea.

For Beijing, the South China Sea is primarily a matter of sovereignty, though her claim over the Spratlys may be both historically and legally questionable. The importance of sovereignty is why China blocked the resupply of a Vietnamese oil drilling rig in July 1994 and intercepted the Philippine government-sponsored journalists' tour around Mischief Reef in 1995. In addition, since the South China Sea has a greater value as a trade route and strategic maritime space than as a potential oil reserve, China is likely to deal with the Spratly disputes in the wider context of its national interests (including, importantly, economic modernisation and reunification with Taiwan), while continuing 'creeping expansion' in the Spratlys whenever possible.

Nonetheless, how far China can go in defending the waters depends on the PLA's capability. The next section examines the capability of the PLA in the South China Sea.

4) Motivation 3 : The PLA's capability

The PLA's military capability constitutes an important element that influences China's behaviour in the South China Sea. When the South China Sea remained beyond the reach of China's defensible front line until the 1980s, the only method that China could deploy in support of its claim was verbal protest against other claimants' infringement of China's sovereignty. However, enhanced military capability provides the Chinese government with broader policy options, including use of force, as well as lending more credibility in the view of other claimants its will to 'recover' territories.

¹⁰² This is an opinion of David Findley, an oil expert at the East-West Centre, quoted in Harlan W. Jencks, "The PRC's Military and Security Policy in the Post-Cold War Era". *Issues & Studies* 30(11), 1994, p.91.

The PLA's activities in the South China Sea can be dated back to 1971 when it began construction of infrastructure on Woody Island, following the survey of the Amphitrite Group in the Paracels. Although the Chinese beat the South Vietnamese force in 1974, Beijing recognised the PLAN's weakness and priority was given to the modernisation of the PLAN as well as establishing actual and effective control in the whole Paracels. As a result, military activities were intensified on a number of islands in the Paracels by 1979.

In the 1980s and thereafter, a number of factors influencing the PLA's capability emerged. The first point to be mentioned is China's rush into importing Western and Soviet/Russian weapons and weapons systems, which came to be available as a result of China's 'open door' policy in 1979, a quasi-alliance with the US in the 1980s against the Soviet Union and Vietnam, and the rapprochement with the Soviet Union from the late-1980s. Second, because superpower rivalry was waning, China reviewed its security environment, and re-assessed the prospects of war: a limited local war was now seen as more likely than a global nuclear war. This led to a review of military strategy and the restructuring of military forces. Third, increases in defence budget after the Tiananmen massacre enabled the PLA to accelerate its modernisation, of the Navy in particular. Lastly, the booming economy partly caused many of the other claimants also to accelerate their purchase of advanced weapons, equipment and weapons systems, particularly for their navies.

Although efforts have been made to support its claim over the Spratlys since the early 1980s by the PLA undertaking excursions in the Spratlys waters, the first step in the strategic shift towards strengthening the PLA Navy represented a change in Chinese leaders' perception of war. At the enlarged Conference of the Central Military Committee (CMC) in 1985, the doctrine of 'people's war under modern conditions' was

adopted and the perception of the most likely major conflict was altered from a global nuclear war to a limited local war with conventional weapons. As a result, the Navy and the Air Force have been given priority over the ground force in the overall strategy. Influenced by the additional factors of the ongoing discussion on the Law of the Sea (where littoral states' rights and obligations in their maritime territory were to be determined) and having the science-and-technology-minded Liu Huanqing as naval commander since 1982, the Navy's modernisation was accelerated. By the late 1980s, the PLAN's acknowledged major weaknesses such as resupply operations at sea, long-distance communications and navigation capability, and the lack of a global navigation system had been overcome.¹⁰³ For example, a super-long-wave radio network developed in 1986 enabled the navy headquarters to communicate with its ships wherever they were.¹⁰⁴ In addition, construction of an observation station at Fiery Cross Reef in 1988, the first Chinese foothold in the Spratlys, served the Chinese objective of establishing a permanent physical presence in the Spratlys. With the end of the Cold War, China vigorously purchased advanced weapons from Russia in particular, including Su-27/30s, *Kilo*-class submarines and *Sovremenny*-class destroyers.

The implications of these factors are, first, that China's military capability has been enhanced to some extent, in terms of hardware in particular. Second, however, the capability of some claimants has also been upgraded. Moreover, hardware alone is not the decisive factor for assessing military capability. Other elements, such as capability of absorption, the degree of training and readiness, effectiveness of C³I (command, control, communication and intelligence) and other support system including logistics should be taken into account. In addition, not all advanced weapons and equipment have been

¹⁰³ Sheng Lijun, "Beijing and the Spratlys", p.29.

¹⁰⁴ *Ibid.*, p.30.

allocated to the Guangzhou (Canton) Military Region to which the South Sea Fleet, responsible for the South China Sea, belongs. Thus, assessing the PLA's capability in the South China Sea is quite a challenging task. Evidence is seen in the fact that there are conflicting assessments among observers.¹⁰⁵

China's recent intensive arms acquisitions from Russia demonstrate its emphasis on modernising the PLA Air Force (PLAAF). This reflects the facts that not only is air power crucial for modern warfare, but also that PLA leaders recognise that the Air Force is presumably the Chinese armed forces' least capable element. Although it has several hundred locally produced J-5, J-6, and J-7 fighters and some 160 H-5 and H-6 bombers, they are outdated models and lack crucial capabilities, such as C³I, early warning, surveillance and air-refuelling capabilities, which are required for effective operation. Thus, China purchased some modern and advanced aircraft, engines and missiles for 'quick fix' purposes. They include Su-27 fighters, IL-76 long-range transports, S-300 missiles and RD-31 jet engines for J-7s. In addition, China's 'wish list' includes production of Su-30s under the licence from Russia, purchase and manufacturing of Su-

¹⁰⁵ On the assessment that China's capability is growing, see, for example, Chong-Pin Lin, "Chinese Military Modernization: Perceptions, Progress, and Prospects", *Security Studies* 3(4), 1994, pp.718-754; Desmond Ball, "Arms and Affluence: Military Acquisitions in the Asia-Pacific Region", *International Security* 18(3), 1993/94, pp.78-112; Denney Roy, "Hegemon on the Horizon?: China's Threat to East Asian Security", *International Security* 19(1), 1994, pp.149-168; Larry M. Wortzel, "China Pursues Traditional Great-Power Status", *Orbis* 38(2), 1994, pp.157-175; and Richard Bernstein and Ross H. Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997). On the assessment that the PLA is not so capable, see, for example, Robert S. Ross, "China II. Beijing as a Conservative Power", *Foreign Affairs* 76(2), 1997, pp.33-44; Robert S. Ross, "Why Our Hardliners Are Wrong", *National Interest* 49, 1997, pp.42-51; Joseph S. Nye, "China's Re-emergence and the Future of the Asia-Pacific", *Survival* 39(4), 1997-1998, pp.65-79; Michael G. Gallagher, "China's Illusory Threat to the South China Sea", *International Security* 19(1), 1994, pp.169-194; Taeho Kim, "A Reality Check: The 'Rise of China' and Its Military Capability Toward 2010", *Journal of East Asian Affairs* 12(2), 1998, pp.321-363; and Andrew J. Nathan and Robert S. Ross, *The Great Wall and the Empty Fortress: China's Search for Security* (New York: W.W. Norton, 1997).

30MKs (a Chinese version of the Su-30s), R77 air-to-air missiles (for Su-30s) and airborne warning and control system (AWACS) radar system.¹⁰⁶

Su-27s, whose operational radius is 1500km, can reach the Spratly Islands, about 1000km from South China, less the 30 minutes of flight time.¹⁰⁷ Even though the majority of the originally purchased 72 Su-27s are deployed with the Nanjing (Nanking) Military Region which embraces the East Sea Fleet responsible for Taiwan and Japan, at least 24 Su-27s are reported to have been deployed with the PLAN Air Force (PLANAF) on Hainan Island.¹⁰⁸ In addition, Beijing plans to produce some 150 Su-27s and Su-30s under Russian licence. Taking into account that China's adversaries are primarily Vietnam and the Philippines, even China's small number of Su-27 could create a military threat to them.

The PLAN has made efforts to modernise since the early 1980s. Each of the three Fleets (North Sea Fleet, East Sea Fleet and South Sea Fleet) consists of "more than 300 ships, including major surface combat vessels, submarines, and various kinds of

¹⁰⁶ See Bin Yu, "NATO's Unintended Consequence: A Deeper Strategic Partnership . . . Or More", CSIS Pacific Forum Comparative Connection: China-Russia (2Q 1999), available at <http://www.csis.org/pacfor/cc/992Qchina-rus.html>; Bin Yu, "Coping With the Post-Kosovo Fallout", CSIS Pacific Forum Comparative Connection: China-Russia (3Q 1999), available at <http://www.csis.org/pacfor/cc/993Qchina-rus.html>; Brian Hsu, "China's Air Force to Get New Missile", *Taipei Times*, 10 May 2000, available at <http://taiwansecurity.org/TT/TT-051000.htm>; "China Deploying S-300 Anti-Aircraft Missiles Opposite Taiwan: Report", *China Times*, 29 March 2000, available at <http://www.chinatimes.com.tw/english/epolitic/89032814.htm>; and "Israel Acts To Defuse Row With U.S. Over China Spy Plane Deal", Agence France Presse, 19 June 2000, available at <http://taiwansecurity.org/AFP/AFP-061900.htm>. Regarding a purchase of AWACS system, Phalcon, China concluded a contract with Israel in 1996. However, this \$250 million deal was forced to cancel in July 2000 due to the pressure from the United States which provides Israel with \$3 billion aids annually. After this cancellation, Russia was reported to have discussed the sale of 4-6 Beriev A-50E advanced radar aircraft with the China's top general in November 2000. For the detail of the AWACS case, see Jim Lobe, "Israel Yields to US on Key China Deal", *Asia Times*, 14 July 2000, available at <http://www.atimes.com/china/BG14Ad01.html>; "Israel Acts To Defuse Row With U.S. Over China Spy Plane Deal"; "Israel Tries To Defuse China Arms Dispute With U.S.", *Inside China*, 29 June 2000, available at <http://www.insidechina.com/news.php3?id=173588>; and "Russia Ready to Sell Radar System Blocked by US", *Sydney Morning Herald*, 20 November 2000, available at <http://www.smh.com.au/news/0011/20/text/world11.html>.

¹⁰⁷ Nayan Chanda, Rigoberto Tiglao and John Mcbeth, "Territorial Imperative", *Far Eastern Economic Review*, 23 February 1995, p.16

speedboat; as well as other combat support ships such as landing craft, supply vessels, and mine-laying vessels".¹⁰⁹ In the 1990s, *Luhu*-class destroyers and *Jiangwei*-class frigates were introduced. China also acquired resupply and amphibious assault ships. Those new ships were mainly allocated to the East and South Sea Fleets. However, most of the ships other than the newly acquired ships are outdated and lack crucial equipment such as electronic support measures (ESM), electronic countermeasures (ECM) and any effective air defence systems. Although China ordered four modern *Kilo*-class submarines from Russia, some existing 100 diesel-electric submarines are regarded as obsolete. PRC leaders' recognition of deficiencies in naval operations led to the purchase from Russia and Israel of an airborne radar system, anti-ship cruise missile technologies and two missile destroyers (*Sovremenny*-class) in 1997.¹¹⁰

Judging from these recent purchases, the capabilities of the PLAN and PLAAF have been improving in terms of equipment. However, the existence of sophisticated hardware does not mean that it is operationally effective. Whether this hardware will contribute to enhancing capabilities should be considered in relation to various other factors, such as personnel quality and training, and logistic support.

The PLA has created "rapid reaction units" (RRUs) in order to "strengthen mobility and operational coordination in preparation for small-scale, low-intensity warfare in and beyond China's border areas", in accordance with the strategic shift to limited local war.¹¹¹ The PLAN has its own RRUs and each RRU for the three Fleets

¹⁰⁸ Patrick E. Tylar "China to Buy 72 Advanced Fighter Planes from Russia", *New York Times*, February 7, 1996, cited in Felix K. Chang, "Beijing's Reach in the South China Sea", *Orbis* 40(3), 1996, p.364.

¹⁰⁹ Arthur S. Ding, "The PRC's Military Modernization and a Security Mechanism for the Asia-Pacific", *Issues & Studies* 31(8), 1995, p.4.

¹¹⁰ Kim, "A Reality Check", pp.345-346.

¹¹¹ *Ibid.*, p.341.

consists of surface vessels, submarines and naval air force planes.¹¹² The PLA Marine Corps, revived in 1980, was allocated to the South Sea Fleet in order to deal with military conflict in the South China Sea.

Both the PLAN and the PLAAF have made efforts in respect of training and exercises. For example, the PLAN doubled its training cruises during the 1980s,¹¹³ and the destinations of those voyages included the Indian Ocean, the South China Sea and the West Pacific. An exercise related to the South China Sea was held in June 1993 by the Guangzhou Military Region, which “emphasised landing operations involving sea- and airborne troops, anti-landing operations, offensive and defensive operations in mountain area and air cover”.¹¹⁴ The PLAAF also began intensive training in the 1990s. However, the PLAN has not conducted any long-distance naval exercise.¹¹⁵

PLAAF pilots have not trained extensively over open ocean. In addition, it is pointed out that the average flying time of Chinese pilots (PLAAF and PLANAF) is between 80 and 150 hours per year, much less than that of their Malaysian and Singaporean counterparts (more than 200 hours).¹¹⁶ Partly because of this, and partly because of fear of damaging new and expensive aircraft, their technique of piloting is limited to little more than basic manoeuvres. Moreover, due to the training programmes based on service-specific mission, not only are pilots from the two services incompatible, but also there are training barriers even within services.¹¹⁷ Thus, PLAAF pilots for Su-27s have not received training for air support for naval units; this would expose the naval unit to a greater vulnerability to adversaries.

¹¹² Ding, “The PRC’s Military Modernization and a Security Mechanism for the Asia-Pacific”, p.5.

¹¹³ *Renmin Ribao*, 1 August 1988, cited in Lin, “Chinese Military Modernization”, p.729.

¹¹⁴ Ding, “The PRC’s Military Modernization and a Security Mechanism for the Asia-Pacific”, p.11.

¹¹⁵ Kim, “A Reality Check”, p.346.

¹¹⁶ Chang, “Beijing’s Reach in the South China Sea”, p.363.

¹¹⁷ *Ibid.*, p.364.

Another point to be mentioned concerns the consequences of the PLA's commercial involvement. This dates back to the early days of the Red Army in the late 1920s and it was originally aimed at easing the burden on local people of keeping the armed forces. However, the introduction of the 'open-door' policy and the reduced military budget during the 1980s increasingly transformed the nature of the PLA as a military organisation.¹¹⁸ First of all, there were widespread suspicions among civilian and military leaders that business activities tended to be performed at the expense of training PLA members and that military facilities, such as vessels and aircraft, and airports were used for commercial purposes. Second, making money and 'money worship' on the part of troops undermined discipline. The CMC's occasional warnings such as "ensure fulfilment of combat readiness and training" and "Many armies in China and abroad have lost their fighting capacity and been defeated by peace or by themselves"¹¹⁹ clearly indicate substantial erosion of soldiers' morale and discipline and the PLA's capability. Thus, President Jiang banned PLA involvement in business in March 1999, a move which the generals supported. However, it was revealed in early 2000 that the PLA was still involved in business.¹²⁰

In addition to personnel problems, the elements which are expected to support combat also face challenges. Regarding what the Chinese expect to become forward

¹¹⁸ The following paragraph depends on Ellis Joffe, "The PLA and the Economy: The Effects of Involvement", in Gerald Segal and Richard H. Yang (eds.), *Chinese Economic Reform: The Impact on Security* (London and New York: Routledge, 1996), pp.11-34; and Stacey Solomon, "The PLA's Commercial Activities in the Economy: Effects and Consequences", *Issues & Studies* 31(3), 1995, pp.21-43.

¹¹⁹ FBIS-CHI-90-132 (10 July 1990), p.32 and FBIS-CHI-93-141 (20 July 1993), p.32, cited in *ibid.*, p.41.

¹²⁰ See Willy Wo-Lap Lam, "Generals Support PLA Enterprise Ban", *South China Morning Post*, 15 March 1999, available at <http://www.scmp.com/>; Susan V. Lawrence and Bruce Gilley, "China Bitter Harvest: The Handover of the Military's Business Empire Has Stirred up a Hornet's Nest", *Far Eastern Economic Review*, 29 April 1999, pp.22-27; Mark Magnier, "Chinese Military Still Embedded in the Economy", *Los Angeles Times*, 9 January 2000, available at <http://taiwansecurity.org/LAT/LAT-010900-Chinese-Military-Economy.htm>; and "Military Is Back in Business", *Asia Times*, 19 April 2000, available at <http://www.atimes.com/china/BD18Ad01.html>.

bases, they constructed an air base and anchorage on Woody Island (in the Paracels) in 1971 and an air field on Fiery Cross Reef (in the Spratlys) in 1988. The former, in particular, is considered to extend "the theoretical reach of Chinese air power far south".¹²¹ Since the majority of Chinese aircraft do not have the range to fly directly from Hainan Island to the Spratlys, an airbase between south China and the Spratlys can serve as a forward base. Its 2700-metre runways are long enough to support all types of Chinese combat aircraft. However, the airstrip is not designed for heavy aircraft like Su-27s, while the tiny island space (1.88 km²) allows only limited munitions and fuel reserves, and offers little space for aircraft shelter. Under humid and briny climatic conditions, the Su-27 can rapidly deteriorate without appropriate protection.¹²² Judging from this information, Woody Island's potential as a forward airbase is not very great.

Thus, China's acquisition of air-to-air refuelling capability will be important. However, this requires skilful piloting, because aircraft and tankers must act in concert in terms of altitude and velocity, while maintaining close distance. Taking into account the facts that Chinese pilots for Su-27s have had no training over open ocean and that their flying time is very limited, air refuelling is quite a demanding task. Regarding refuelling of ships at sea, it is believed that Chinese capability remains still rudimentary.¹²³

If China had an aircraft carrier now, would many problems disappear? According to the *Ming Pao* daily, China's first aircraft carrier (48,000 tonnes) is expected to be ready for service in 2005. It will be capable of carrying 24 fighter planes. China is said to be planning to build a further aircraft carrier every three years.¹²⁴ Having aircraft carriers

¹²¹ Jencks, "The PRC's Military and Security Policy in the Post-Cold War Era", p.93.

¹²² Chang, "Beijing's Reach in the South China Sea", p.361.

¹²³ Kim, "A Reality Check", p.346.

¹²⁴ "China's First Aircraft Carrier Ready for Service in 2005: Report", Agence France Presse, 12 January 2000, available at <http://taiwansecurity.org/AFP/AFP-01122000-Aircraft-Carrier.htm>. Robert S. Ross

would surely enhance China's ability significantly. However, since it is believed that China needs at least three aircraft carriers, due to its inferior managerial skills and logistical facilities¹²⁵ China has to prepare for astronomical funding. In addition, just acquiring an aircraft carrier does not mean that it can achieve its missions, because operation of an aircraft carrier requires the most modern technology and pilot skills. The aircraft carried are likely to be vertical take-off planes and/or helicopters. Pilots for vertical take-off planes, especially, need skill in landing and take-off in all weather conditions. In addition, the carrier needs to be protected, especially from air and surface missiles. Thus, an early warning system and adequate anti-air and anti-surface missile systems are vital. Without them, "an aircraft carrier would present itself as a 'floating corpse'".¹²⁶ As of August 2001, China has not satisfied these conditions in order for the aircraft carrier to demonstrate its full capacity, nor even completed building the first such ship.

In sum, the PLA's capabilities are assumed to be greatly enhanced in terms of hardware. Taking into account the fact that the Taiwan issue has been one of the top security concerns for Beijing since the establishment of the PRC, the majority of advanced weapons which were purchased mainly from Russia was allocated to the East Sea Fleet which is responsible for Taiwan.

The real challenge for China is to control effectively what it occupied. According to a book titled *Can China's Armed Forces Win the Next War?*, which was originally intended "for limited and controlled distribution within China", and which is considered to be written in part to promote the Navy's interests, the Spratly Islands are easy to

predicted that 'the first carrier is expected to be operational between 2005 and 2010, and the third around 2020'. See Ross, "China II. Beijing as a Conservative Power", p.38.

¹²⁵ Ibid.

¹²⁶ You Ji and You Xu, "In Search of Blue Water Power: The PLA Navy's Maritime Strategy in the 1990s", *Pacific Review* 4(2), 1991, p.147.

capture but difficult to hold. Therefore, China needs at least one aircraft carrier to hold the Spratlys.¹²⁷ Considering the fact that China's primary adversaries in the South China Sea are the militarily weak Philippines and Vietnam, the South Sea Fleet could defeat them. However, under the conditions that the first aircraft carrier has not been completed, that Woody Island does not serve as an effective forward base, and that support system and pilot skill are insufficient, the PLA has a long way to go just to seize and hold the whole Spratlys.

4. Prospects for China's future behaviour in the South China Sea

China's behaviour in the South China Sea can be largely explained by the combination of geopolitical calculation and the PLA's capabilities. In the case of the Paracels battle in 1974, it was imperative for Beijing to block expansion of the Soviet Union's influence in the region after Vietnam was unified. And the adversary was a militarily weak South Vietnam, whose strongest ally, the United States, was not expected to intervene. Although China successfully seized the whole Paracels, the Spratlys were beyond its reach. It should be recalled that the PLA's first excursion to the Spratlys was not conducted until 1980.

The change in geopolitical structure since the mid-1980s and the modernisation of the PLA Navy in particular since the early 1980s gave China an opportunity to enter the Spratlys. When the 1988 military clash with Vietnam occurred, relations between Beijing and Moscow were improving, while those between Beijing and Hanoi, and between Hanoi and Moscow, were deteriorating. Thus, the chance of the Soviet Union's intervention on behalf of Hanoi was perceived as quite low. Moreover, the Vietnamese

¹²⁷ Ross H. Munro, "Eavesdropping on the Chinese Military: Where It Expects Wars -- Where It Doesn't", *Orbis* 38(3), 1994, p.359. Munro's article introduced the major points of this book, translated into English.

forces were weaker than the Chinese forces and China was better prepared for the possible battle.

Building structures on Mischief Reef in 1995, when US intervention was unlikely, was also well-timed. Since the US withdrawal from Subic Bay in the Philippines in 1992, relations between Washington and Manila had been deteriorating. In addition, the Philippines' armed forces were one of the weakest among the ASEAN states. The enhancement of the structure in 1998/99 was conducted when the regional states were preoccupied with the economic crisis. The US position towards the South China Sea disputes had been made clear by that time; Washington would stay neutral to the disputes as long as free navigation in the South China Sea was guaranteed. Chinese additional presence on Scarborough Shoal since the beginning of 2000 was also facilitated by America's neutral stance.

Since Beijing has already confirmed that creeping expansion of its South China Sea presence to Mischief Reef and Scarborough Shoal has been risk-free in terms of intervention by extra-regional great powers and ASEAN's united voice, the extent of the PLA's capabilities are more likely to determine China's behaviour in the future. Judging from the past pattern, the reason why Malaysia and Brunei have not been targeted appears to be that the waters and features claimed by Malaysia and Brunei are still beyond the reach of the PLA. As long as China believes that the whole South China Sea is its territory, she will not hesitate to 'recover' the unoccupied features one by one, as soon as the PLA is able to hold as well as seize them.

Since Beijing does not want to alienate ASEAN totally, however, it will proceed in a manner that avoids the ASEAN states forming a united front. In other words, China needs to exploit ASEAN's lack of shared policy towards Beijing. In addition, China wants some ASEAN states, at least, as allies on issues such as human rights, democracy,

and the US pursuit of the TMD system. Moreover, China does not want to damage its pursuit of other objectives, such as membership of the WTO and hosting the 2008 Olympic Games, which require an image of China as a responsible and peaceful state. On top of that, Beijing needs a peaceful security environment in order to achieve economic modernisation. Thus, creeping expansion seems the least provocative way for the Chinese to strengthen their position in the South China Sea. In the long-term China may be looking forward to controlling the entire sea.

It should be noted, however, that China is likely to deal with the South China Sea disputes in relation to her other strategic objectives, such as reunification with Taiwan and the US-led TMD system in Asia. Since China asserts that the South China Sea disputes should be resolved only by the concerned claimants, her relations with other claimants, or more precisely, the balance of power vis-à-vis other claimants, primarily influences China's behaviour under the condition of no US intervention. However, China's behaviour in the South China Sea will also be influenced by relations with Taiwan and the United States, because Beijing is likely to handle the disputes in the Spratlys in the context of its broader national security concerns.

Chapter 6

A Return to International Relations Theory

Empirical studies about the South China Sea disputes have traditionally focused on legal aspects, mainly due to the debate in the United Nations about Law of the Sea during the 1980s. In the main, the issue attracted academic research beyond legal consideration particularly after the military clash between China and Vietnam in the South China Sea in 1988. Most of the empirical studies try to explain China's behaviour in the South China Sea by focusing on domestic factors (such as the PLA's capabilities, domestic politics including the PLA's influence on decision-making, economic necessity including increasing energy demand) and/or international factors (such as international security environment and geopolitical consideration). Despite the fact that a number of observers have studied the disputes from various aspects¹, there seems to exist a

¹ For the detailed history of the South China Sea disputes, see Marwyn S. Samuels, *Contest for the South China Sea* (New York and London: Methuen, 1982); and Lu Ning, *Flashpoint Spratlys!* (Singapore: Dolphin Books, 1995). For China's relations with the ASEAN states and China's ASEAN policy, see Mark J. Valencia, "China and the South China Sea Disputes", *Adelphi Paper* 298, 1995; Joseph Y.S. Cheng, "China's ASEAN Policy in the 1990s: Pushing for Regional Multipolarity", *Contemporary Southeast Asia* 21(2), 1999, pp.176-204; and Zhao Suisheng, "China's Periphery Policy and Its Asian Neighbors", *Security Dialogue* 30(3), 1999, pp.335-346. For China's Spratly policies (including the South China Sea in China's strategic thinking), see Chen Jie, "China's Spratly Policy: With Special Reference to the Philippines and Malaysia", *Asian Survey* 34(10), 1994, pp.893-903; Herbert S. Yee, "Beijing's Policies Toward Southeast Asia and the Spratly Islands in the Post-Cold War Era", *Issues & Studies* 31(7), 1995, pp.46-65; Sheng Lijun, "Beijing and the Spratlys", *Issues & Studies* 31(7), 1995, pp.18-45; and Shee Poon Kim, "The South China Sea in China's Strategic Thinking", *Contemporary Southeast Asia* 19(4), 1998, pp.369-387. For the Chinese view about these disputes (excluding legal discussion), see Lu Ning, *Flashpoint Spratlys!*; and Ji Guoxing, "China Versus South China Sea Security", *Security Dialogue* 29(1), 1998, pp.101-112. For ASEAN's China policy and a view about the disputes from the ASEAN side, see Renato Cruz De Castro, "The Controversy in the Spratlys: Exploring the Limits to ASEAN's Engagement Policy", *Issues & Studies* 34(9), 1998, pp.95-123; and Tim Huxley, "A Threat in the South China Sea?", *Security Dialogue* 29(1), 1998, pp.113-118. For an analysis of China's behaviour in the light of its geopolitical consideration, see Samuels, *Contest for the South China Sea*; Esmond D. Smith, Jr., "China's Aspirations in the Spratly Islands", *Contemporary Southeast Asia* 16(3), 1994, pp.274-294; and Ian James Storey, "Creeping Assertiveness: China, the Philippines and the South China Sea Dispute", *Contemporary Southeast Asia* 21(1), 1999, pp.95-118. For an analysis based on China's military capabilities, see Felix K. Chang, "Beijing's Reach in the South China Sea", *Orbis* 40(3), 1996, pp.353-374. For an analysis which focuses on China's economic aspects, see Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection", *Survival* 37(2), 1995, pp.44-59; and Michael Studeman, "Calculating China's Advances in the South China Sea: Identifying the Triggers of 'Expansionism'", *Naval War College Review* 51(2), 1998, pp.68-90. For a discussion that a combination of China's geopolitical consideration and its military capabilities best explains China's behaviour, see Ang Cheng Guan, "The South China Sea Dispute Revisited", *Australian Journal of*

consensus among observers about China's future behaviour in the South China Sea: namely, what Storey terms 'creeping assertiveness'.²

This chapter tries to explain whether 'creeping assertiveness' is in accordance with International Relations theory, particularly the realist point of view. The reason for adopting the realist position is that 'creeping assertiveness' seems too self-restrained a behaviour for *realpolitik*-oriented China to adopt. One possible answer is that the PLA's capabilities have not yet been enhanced sufficiently to secure control over the whole Spratlys area. From a realist perspective, a lack of military capabilities would seem to be a sufficient answer.

However, the development of military capabilities is usually subject to decisions at a higher level (defence policy), which in turn must be compatible with other objectives in the overall foreign policy. Foreign policy is formed on the basis of a state's national goals and objectives, which in turn, are largely determined by its security environment. In short, the flow of a state's consideration about how to defend itself is as follows: geopolitical structure or security environment → national goals and objectives → foreign policy → defence policy and strategy → military capabilities. When a change in security environment and/or power relations with other states occurs, states review their previous national goals and objectives and set new ones. This leads to new foreign policies, under

International Affairs 54(2), 2000, pp.201-215. For a discussion that focuses on domestic politics and China's economic security aspects, see John W. Garver, "China's Push Through the South China Sea: The Interaction of Bureaucratic and National Interests", *China Quarterly* 132, 1992, pp.999-1028. For other discussions, see Michael G. Gallagher, "China's Illusory Threat to the South China Sea", *International Security* 19(1), pp.169-194; Ross H. Munro, "Eavesdropping on the Chinese Military: Where It Expects Wars -- Where It Doesn't", *Orbis* 38(3), 1994, pp.355-372; Eric Hyer, "The South China Sea Disputes: Implications of China's Earlier Territorial Settlements", *Pacific Affairs* 68(1), 1995, pp.34-54; Ralph A. Cossa, "Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict", CSIS PacNet Newsletter #16, 17 April 1998, available at <http://www.csis.org/pacfor/pac1698.html>; and Chris Roberts, *Chinese Strategy and the Spratly Islands Dispute*, Australian National University, Strategic and Defence Studies Centre working paper No.293 (Canberra, 1996).

² Storey, "Creeping Assertiveness", p.99. For the argument that China may intend to recover Spratlys by military means, see Smith, "China's Aspirations in the Spratly Islands", p.282.

which military thinking and defence strategy are adjusted. Based on these considerations, a target level for military capabilities is ultimately set. In order to achieve this goal, military budgets are allocated, military organisation is restructured and military modernisation is pursued through purchasing weapons, and educating and training personnel. Thus, assuming that China will be more assertive just because the PLA's capabilities are enhanced is too simple, although it is also true that shortcoming in PLA capabilities had blocked Beijing from expanding in the Spratlys until the 1980s. In other words, China's perceived 'creeping assertiveness' should be assessed in the broader context of its overall security concerns.

Regarding geopolitical structure, China has been enjoying its most peaceful security environment ever since the end of the Cold War, in the sense that Beijing does not face any imminent military threat. Although Beijing again perceives Washington as a threat due to the latter's dominant role (politically, economically and militarily) in a unipolar world, Washington's pursuing the TMD system, and its military support for Taiwan, the tension between China and the United States has not reached a point of military conflict.

On the one hand, this benign security environment has enabled Beijing to concentrate on one of the top national objectives, economic development. On the other hand, China's leaders have been able to pay more attention to recovering 'lost territory', another key national goal. After the return of Hong Kong in 1997 and Macau in 1999, the next target is obviously Taiwan. Beijing's threats against Taiwan during the latter's presidential campaign in early 2000, that the island's indefinite postponement of reunification talks with the mainland would result in Chinese military action were intended to influence the outcome of the election. However, these threats also demonstrated Beijing's fear and frustration about the Taiwanese increasing reluctance to

reunify with the mainland under communist rule. It is clear in everybody's eyes that the more time passes, the more difficult it will be for China to get Taiwan back. Compared to Taiwan, the South China Sea is not such a serious concern. First of all, all other claimants are after all weaker than China militarily, and even ASEAN's cumulated military capabilities cannot match China's. Second, judging from past experience, no other claimants will militarily challenge China's occupation, although some of the claimants, most likely the Philippines and possibly Vietnam, may create tensions by (for example) removing China's sovereignty markers from the features. Thirdly, the United States is unlikely to intervene on behalf of its allies, particularly the Philippines.

Beijing's past practice shows that it has been pragmatic enough to compromise on particular issues when larger strategic questions are at stake. For example, during its negotiations with Japan for normalisation of relations in 1972, Beijing compromised by setting aside the issue of sovereignty over the disputed Senkaku islands because China wanted to employ Japan as an ally to encounter the Soviet threat.³ Thus, the South China Sea disputes should also be considered in the wider strategic context of China's security issues.⁴

The two top objectives of economic development and recovering territory had led China into a contradictory foreign policy towards the Southeast Asian states. On the one hand, Beijing needs a peaceful security environment in which China can concentrate on economic development and economic reforms. This means China prefers to be a good neighbour to them. On the other hand, China cannot afford to allow other claimants to keep infringing what it claims as its maritime territory. Besides, the South China Sea has been increasingly important for China in many ways; for fishing, as a potential energy resource and as a trading route. Thus, Beijing wishes to recover islands, reefs and other

³ Hyer, "The South China Sea Disputes", p.44.

features whenever there seems to be an opportunity to do so, which will antagonise the ASEAN governments. However, being a good neighbour does not necessarily mean that China should compromise. Beijing can still be a good neighbour even after conducting selfish behaviour, if only the regional states accept, or at least, acquiesce to it. The Chinese leaders know this will happen, partly due to the power balance between China and the ASEAN states, and partly due to ASEAN's lack of a common China policy. This was observed in the 1998/99 reconstruction of Mischief Reef, when Beijing was able to exploit ASEAN's disarray and preoccupation with the financial crisis.

China's revised strategic thinking in the mid-1980s, which transformed 'people's war' into 'people's war under modern conditions', and 'luring the enemy in deep' into 'meeting the enemy at the gate', was a product of a changed security environment. As a result, the navy took over from the ground forces as the primary focus of modernisation. On the navy side, the assertion that China must defend its maritime territory in the South China Sea from other claimants' infringement of Chinese sovereignty is an effective tool not only to promote the navy's status but also to gain a greater budget and more advanced weapons.⁵ The PLA Navy won the 1988 battle with Vietnam over Johnson Reef. However, Vietnam subsequently seized features in the Spratlys immediately after the battle. Thus, by the end of the 1980s many naval officers had come to anticipate that another military clash with Vietnam was likely in the near future.⁶ China's subsequent purchase of Su-27s from Russia along with the expansion of the airfield on Woody Island (in the Paracels) were steps towards providing air support for the navy operating in the Spratlys.⁷ China has also been not only energetically importing advanced weapons from

⁴ Ibid., p.45; and Kim, "The South China Sea in China's Strategic Thinking", p.373.

⁵ Munro, "Eavesdropping on the Chinese Military".

⁶ Chang Pao-Min, "A New Scramble for the South China Sea Islands", *Contemporary Southeast Asia* 12(1), 1990, p.37.

⁷ Smith, "China's Aspirations in the Spratly Islands", p.282.

Russia (for example, S-300 surface-to-air missiles, and Su-27s/Su-30s) but also manufacturing some weapons under Russian licence, (e.g. Su-27s, and possibly Su-30s/Su-30MKs in the future).⁸ Although most experts view the PLA's power projection capabilities as still insufficient to control the whole Spratlys, further strengthening of the PLA combined with China's past behaviour in the South China Sea could lead other claimants, the Philippines in particular, to perceive a real threat. However, military capabilities are only last part of the long and complicated process that influences states' behaviour in the sense that it must be subordinate to higher level considerations. Thus, assuming that enhancement of the PLA's capability will directly lead to China's further aggressiveness is too simple, while 'creeping assertiveness' appears too low-profile for an increasingly militarily strong China.

China's security environment has been more peaceful in the post-Cold War era than ever, its military has been modernised and the United States is unlikely to be involved in the disputes unless its SLOC is interfered with. These conditions seem to give Beijing a golden opportunity to regain the Spratlys. However, China's recent behaviour in the South China Sea (construction on Mischief Reef in 1995 and 1998/99 and stronger military presence in the Scarborough Shoal area since the beginning of 2000) has been relatively low-profile in the sense that China has not engaged in the military clashes since 1988.

This can be called a policy of restraint.⁹ Then, why does China restrain its aggression? It is true that China needs a peaceful environment and the PLA lacks

⁸ Bin Yu, "NATO's Unintended Consequence: A Deeper Strategic Partnership . . . Or More", CSIS Pacific Forum Comparative Connection: China-Russia (2Q 1999), available at <http://www.csis.org/pacfor/cc/992Qchina-rus.html>; and Bin Yu, "Coping With the Post-Kosovo Fallout", CSIS Pacific Forum Comparative Connection: China-Russia (3Q 1999), available at <http://www.csis.org/pacfor/cc/993Qchina-rus.html>.

⁹ Sheng, "Beijing and the Spratlys", pp.18-20 and pp.33-37.

‘strategic reach’¹⁰ to place the Spratlys under its control. Are these reasons sufficient to explain China’s restraint, though? This is where power analysis provides a good explanation.

As discussed in Chapter 1, power should be measured in the light of domain and scope; that is, power is a matter of ‘who influences whom (domain) with regard to what (scope)’. In the discussion here, the domain is both China and the ASEAN states and the scope is the South China Sea disputes. China wants ASEAN to stop resisting Beijing’s efforts to ‘recover its territory’, while ASEAN wants China to refrain from taking unilateral actions which may upset the *status quo*. Thus, which party, China or ASEAN, is more influential on the other will determine the course of the disputes. And this, in turn, will be largely determined by each party’s psychological toughness (or weakness).

China has influenced ASEAN more than vice versa in some ways. First of all, China has been strengthening its bargaining leverage by increasing the number of features it occupies in the Spratlys without facing any serious political or military challenge from other claimants. All claimants know that a greater number of occupations puts a claimant in a stronger position during bilateral and/or multilateral negotiations aimed at finding a resolution, particularly under the condition that the regional code of conduct seeks to freeze the *status quo*. Thus, the number of occupations is important. While China has been gradually altering the *status quo* by seizing the features on which other claimants, Vietnam and the Philippines in particular, assert their sovereignty, no other claimants have seized features under Chinese control. This is so because the other claimants recognise that 1) China would certainly retaliate; 2) Beijing would not hesitate to use force in retaliation; and 3) China’s armed forces are stronger than Vietnam’s and the Philippines’ even though most of the PLA’s weapons may be outdated by Western

¹⁰ Ang Cheng Guan, “ASEAN, China and the South China Sea: A Rejoinder”, *Security Dialogue* 30(4).

standards and the volume of advanced weapons acquired since the 1990s is too small to enhance PLA capability significantly. This recognition works as a deterrent against the other claimants. Conversely, Beijing does not worry about any serious challenge from them and is able to take advantage of their psyche. Thus, China does not need to convert the power resource (possibility of retaliation) into actual exercise of power (retaliation). In this regard, China influences not only individual claimants but also ASEAN, as a negotiating partner for seeking a resolution of the disputes, more than vice versa.

Secondly, Beijing has effectively used a fungible power resource while the ASEAN states were preoccupied with the Asian financial crisis. China's resistance to the pressure for devaluation of its currency not only brought it status as a responsible great regional power but also caused disarray among the ASEAN governments over how to respond to China's resumption of construction on Mischief Reef. Thereby China escaped opposition from a united ASEAN. Although China's economic conditions did not require devaluation, there was a widespread anticipation that China might follow other Asian states that had devalued their currencies in order to strengthen their export competitiveness. Of course, whether or not to devalue the yuan was determined by China's economic situation. However, the ASEAN governments had a vague anxiety that China might devalue in retaliation to ASEAN's protest against the 1998/99 Mischief reconstruction. This anxiety prevented ASEAN from forming a united voice against Beijing. This case also shows how the ASEAN states in general are vulnerable to even the possibility of China's retaliation. It is obvious that ASEAN could influence China little except when ASEAN could speak with one voice. Although China compromised by agreeing to discuss the Spratly issue in various meetings and conclude a regional code of

conduct, it did not refrain from taking unilateral actions (reconstruction on Mischief Reef and enhanced military presence in Scarborough Shoal).

These examples demonstrate the importance of the psychological factor, because power is essentially a matter of 'who influences whom?' One reason for the psychological imbalance is historical. The Chinese are proud of themselves as having been a centre of civilisation for nearly four millennia (middle kingdom mentality). However, many Southeast Asian political entities were recognised through Imperial China's relatively benign tribunal system until Western powers colonised this region in the nineteenth century. Thus, both China and the ASEAN states possess a sense of patron-client hierarchy.

However, if ASEAN was determined to form a united voice against China's unilateral actions which seemed to counter the spirit of the ASEAN's Declaration (1992), ASEAN might have been able to draw another compromise from Beijing as the former did in 1995. However, ultimately ASEAN's constraint policy towards China could become an appeasement policy. Constraint policy refers to a combination of engagement and balance of power; that is, while trying to tie China into international society through a network of economic interdependence and various institutions, ASEAN also depends on the US military presence to counter-balance China.¹¹ The ASEAN states know that economic interdependence and multilateral security talks such as the ARF and the second track talks alone are not sufficiently effective to restrict China's aggressive behaviour in the South China Sea. Under these conditions, the realist assumption predicts that weaker states will form an alliance so as to make a balance between themselves and the target stronger state. However, rivalry among the ASEAN members, their different attitude towards China, and their fear of provoking China

¹¹ De Castro, "The Controversy in the Spratlys".

preclude this course. As a result, the only option left for the weaker states is to 'bandwagon' to another great power. This is why the ASEAN states have to depend for their security on the US military presence. However, the United States has distanced itself from the South China Sea disputes so as not to be involved unless its SLOC security is undermined. The lack of explicit backing by the United States made the ASEAN governments too cautious to confront Beijing. On the contrary, Beijing's increasing assertiveness has been in accordance with its strengthening military capabilities, along with economic success. States' psychological toughness must be based on military might. Since Beijing is psychologically and militarily stronger than any of the other claimants, it does not need to be particularly aggressive by historical Chinese standards, although it may be viewed by others as aggressive.

Another factor, besides power relations between China and the ASEAN states, is that China finds some value in employing ASEAN as an ally in its wider strategic considerations. The two most important strategic concerns are relations with the United States and the so-called Taiwan issue. Beijing-Washington relations have not been always stable since the end of the Cold War. Political tensions were created over such issues as human rights, China's trading status, US trade deficit to China, China's economic and political reforms, NATO's bombing of Chinese embassy in Belgrade (May 1999), China's alleged spying on US nuclear technology (May 1999), US pursuit of the TMD system and the EP-3 spy plane incident (April 2001). Beijing can employ some ASEAN states, Malaysia and Singapore in particular, to form a united front against the US pressure on human rights issue and political reform issues. Besides, ASEAN has expressed its concern over the TMD system,¹² which China also opposes. Regarding the

¹² Mahesh Uniyal, "SE Asia Frowns on US Missile Shield Plan", *Asia Times*, 27 July 2000, available at <http://www.atimes.com/se-asia/BG27Ae01.html>. See also Michael J. Green and Toby F. Dalton, "Asian Reactions to U.S. Missile Defense", *NBR* (National Bureau of Asian Research) *Analysis* 11(3), November 2000, available at <http://www.nbr.org/publications/analysis/vol11no3/Essay.html>.

Taiwan issue, President Chen Shui-bian was elected against Beijing's will. Although the island has never declared *de jure* independence, it is apparent in Chinese leaders' eyes that Taiwan is increasingly unwilling to reunite with the mainland. If political tension between Beijing and Taipei backed by Washington escalated to the point of either party taking military action (for example, a Chinese blockade), how ASEAN would respond to it and whether or not it would support the United States politically and militarily are uncertain, because the ASEAN states appear to fear China more than the United States. As long as ASEAN is useful to Beijing in its pursuit of its wider strategic objectives, China will try not to alienate ASEAN. However, the Chinese leaders cannot give up, under any circumstances, their aim of recovering 'lost territory' in the South China Sea (and elsewhere). Some ASEAN states may protest at China's behaviour in the South China Sea, but overall power relations between Beijing and ASEAN are clearly favourable to China.

For *realpolitik*-minded Beijing, creeping assertiveness – increasing the number of occupations by seizing features under other claimants' control in a way that will not trigger an ASEAN united front against it or US intervention – is the most rational choice, particularly when Beijing cannot control the whole Spratlys, for a number of reasons: 1) it provides the maximum gain for China in its pursuit of the contradictory policies of 'good neighbourliness' and 'recovering the Spratlys'. That is, China can gain territory while still maintaining good relations with ASEAN; 2) it is likely to cause disarray in ASEAN which gives Beijing an opportunity to manoeuvre and exploit the situation; 3) although the United States is unlikely to intervene in the disputes, creeping assertiveness will surely not provoke the US; and 4) the psychological power balance is favourable for China vis-à-vis ASEAN, so Beijing does not necessarily need to be

aggressive. Thus, creeping assertiveness is in accordance with a maxi/mini strategy, and realist thinking in International Relations theory.

Conclusion

This research has two purposes. One is to challenge the flourishing 'liberal peace' argument in International Relations theory from the realist position, by demonstrating not only that China's behaviour in the South China Sea can be largely explained from a geopolitical viewpoint but also that Beijing is skilful in using relations of economic interdependence as a power resource and maximising its gains while minimising its costs in international institutions. Although the 'liberal peace' argument focuses on how such factors as democracy, economic interdependence and international institutions make states peaceful, this thesis tries to identify which factor is more influential on states' behaviour in general, and China's in particular. Another purpose is to explain theoretically the conventional wisdom drawn from observing China's practice in the South China Sea that her future behaviour is likely to be characterised by 'creeping assertiveness'.

Regarding the first point, liberals in International Relations theory started to declare their triumph at the end of the 1980s when the Cold War was over, against the background that liberal democracies (the West) won a victory over non-liberal 'democracies' (the socialist camp). Since then, a considerable amount of research which has intended to prove the positive correlation between liberal democracies and peace, using statistical methods, has been published. Some argue that democratic states do not fight each other, though they may be aggressive towards non-democratic states, as in the case of the Gulf War in 1990. Another faction in the liberal school argues that deepening economic interdependence will lead states to act more peacefully because states will refrain from behaving aggressively for fear of destroying economic relations with other states, the cost of which may outweigh the benefits of such behaviour. Another faction in

the liberal school focuses on the rule-binding effect of increasingly strong international institutions.

On the other hand, realists assert that the most important thing for any state is its survival. Under the anarchical condition in which there is no world government to rule states, each state basically has to depend for its survival on its own resources. However, each state occupies a specific position in the international system in terms of power, which determines the range of policy choices and actions available to it. The crucial issue for a state's survival is how to maximise its power vis-à-vis its potential enemies. Whether or not the domestic regime is democratic is not an important matter for survival. Realists also counter-argue against liberals that economic interdependence works not only as a constraint on states' behaviour but also as a power resource. In addition, realists attack another faction of liberalism, liberal institutionalism, arguing that international regimes and their rules tend to reflect the balance of power and the dominant states' values. In this sense, even international regimes which appear to be placed beyond sovereignty on a particular issue are not immune to power politics.

Chapter 1 dealt with this debate between realists and liberals over the issue of which international factor among balance of power, economic interdependence and international institutions is most likely to affect states' behaviour. It argued that the realist position seems more convincing in explaining states' international behaviour. because, first of all, states have higher national interests – such as survival of the state (and the regime), sovereignty and territorial integrity – to protect, even if doing so may reduce the economic and political benefits of economic interdependence.

Secondly, the argument of the interdependence school is flawed in some ways. First of all, the economic interdependence school argues that interdependence should be measured mainly by the trade dependency of a state. However, economic

interdependence is deeper in the financial area in the sense that one state's financial problem rapidly spreads to other states. In addition, advocates of economic interdependence have not agreed over what kind of factor should be included when measuring economic interdependence. Thus, without closer definition the argument cannot form the basis for a reasonable discussion. What is a more serious problem for the economic interdependence-peace argument is that it ignores the political framework in which economic activities are possible. For example, the rivalry between the United States and the Soviet Union during the Cold War created two political and military blocs. In the Western bloc, US allies and friends were prohibited from trading freely with countries in the Soviet bloc while they had access to a huge US market and could trade with each other, thereby deepening economic interdependence among them. Arguing that economic interdependence leads to peace without paying attention to this Cold War structure is flawed. In addition, contrary to the interdependence school's argument that the less dependent party is likely to use the interdependence relationship as a source of power, the more dependent party can also use interdependent relations to exert power.

Thirdly, the 'peace through rule-binding' argument of liberals can also be challenged as follows. Since the formation of international institutions has usually been initiated by developed states, the rules of regimes tend to reflect these states' values and norms. Moreover, international institutions sometimes work as an arena of power politics as in the case of the sanctions imposed on China in the aftermath of the Tiananmen Square massacre in 1989. Immediate suspension of international loans to China was a reflection of the interests of the United States, which dominates the major international economic institutions such as the World Bank and IMF and which reacted most confrontationally to the massacre. Furthermore, since most international institutions lack strict enforcement measures, they can do little about the free-riding problem. And

because of the lack of enforcement, collective sanctions against the violators of the rules tend to be less effective. Under these conditions, the effectiveness of rule-binding seems fragile. States are bound by their own political will, not necessarily by the rules and norms themselves. If economic interdependence and international institutions are not free from power politics, realism is more accurate in pointing out that the major motive of states' behaviour is power.

This IR debate was applied to China in order to examine whether the conclusions drawn in Chapter 1 can explain China's international behaviour. It was observed that Beijing's international behaviour was influenced by relations vis-à-vis two superpowers during the Cold War. The Korean War and the Vietnam War were perceived by Mao as serious security threats from the United States, because Chinese leaders were concerned about the US policy of containing communism. Formation of SEATO (1954) accelerated China's sense of encirclement. However, the border war with the Soviet Union in 1969 meant that Moscow replaced Washington as Beijing's primary enemy. Subsequent rapprochement with the United States enabled the PRC to form alliances with not only Washington but also the ASEAN states in order to contain the Soviet threat. However, China has come to perceive the United States as an enemy again in a unipolar world after the Cold War. Eventually Beijing turned its eyes to Moscow in the hope of using Russia to form a counter-balance against Washington. This is a typical case of a state attempting to create balance in order to prevent a hegemon from emerging or to undermine the hegemon's power, as realism assumes.

Economic interdependence has had a two-way effect for China: it has been both constraint, and power resource. Since China's economic development is dependent on developed states' markets, capital and technology, Beijing depends on them more than vice versa. In this regard, China is expected to be more constrained in its policy making

than Western states. A typical example was Beijing's obtaining MFN status from the United States. Since the Clinton administration linked such status to China's human rights performance, every year Beijing had to compromise (for example, by releasing political dissidents) when the US Congress started a debate over whether or not to grant MFN status to China. On the other hand, Beijing has learned that US multinational corporations' investment in China is a useful tool to influence America's China policy, because these companies vigorously lobbied to abandon the linkage policy and to grant MFN status to China. These corporations were worried that unstable Sino-US relations might have a negative influence on their business, particularly after Beijing cancelled the purchase of Boeing aircraft and bought Airbus Industrie's aircraft instead. Although the multinational companies' primary purpose in lobbying was to secure their China business, their lobbying also served China's interests. As demonstrated in the cases of the French and German governments' decision to refrain from selling weapons to Taiwan, Beijing is skilful in using Western governments' and their private companies' commercial interests in China as an effective tool to pursue its national objectives. In this regard, it appears that Beijing, the more dependent party, is less constrained over policy-making by economic interdependent relations than the Western governments.

In various international institutions, China not only pursues a maxi/mini strategy but also conducts power politics whenever it can. Beijing's status as a UN Security Council 'Perm Five' member provides it with a veto right, thereby enabling it to block any UN agendas and resolutions which it perceives as against its interest. A typical example is Beijing's blocking of Taiwan's bid for UN membership. In addition, although Beijing is a borrower from the World Bank, its threats forced the Bank to bend its internal rules about loans, so that China secured money for some projects which would not otherwise have been funded. In the case of the South China Sea disputes, China

made a small compromise, agreeing to talk about the Spratly issues with the ASEAN states. However, it was successful in negotiating with ASEAN to ensure that such a discussion should be held at various ASEAN-China meetings, but not at the ARF. Since Beijing's basic position about the Spratly issue is that it must be discussed only by the claimants, excluding the outside powers, China's small compromise served to secure larger benefit. In this sense, China secured a maximum gain by accepting minimum cost.

Overall, China's international behaviour supports the realist position more than that of the liberals, when focusing on such factors as balance of power, economic interdependence and international institutions. These three elements are international factors in the sense that they are beyond one state's control. However, international behaviour varies from state to state, even though some states occupy a similar rank in the international system in terms of power. Chapter 3 examined the roles of domestic factors such as type of regime (democracy or non-democracy), decision-making system, culture, decision-makers' personalities and perception/misperception. It was argued that international factors largely determine the range of options available to a state, while domestic factors play a central role in choosing options. These domestic factors were applied to the Chinese case in Chapter 4. It was argued that the fact that China's aggressiveness has declined over time is more related to its decision-making system than the regime type itself, contrary to the 'democratic peace' argument, because China's undemocratic nature has not changed fundamentally since the foundation of the PRC in 1949. Although an argument based on 'strategic culture' provides insight in understanding a particular state's behavioural pattern, the formation of that strategic culture is not free from the influence of the balance of power among its neighbours. In general, great powers have tended to invade and absorb their smaller neighbours, while these smaller states were forced to stay in a defensive position, rather than initiating wars

against the stronger powers. Thus, this pattern of interactions must have contributed to the great powers forming a relatively offensive strategic culture, while the smaller states formed a relatively defensive strategic culture. In addition, observation of China's past aggressive behaviour shows that Chinese leaders have decided to go to war when they perceived a serious military security threat along its borders. Findings about domestic factors suggested that international factors, geopolitics in particular, largely determine the range of actions available for a state, while domestic factors largely determine which option the state actually chooses. This formula fits China's overall international behaviour.

Chapter 5 focused on China's behaviour in the South China Sea. The South China Sea is important for the PRC in terms of fishing, as a potential source of energy and as a trading route, in addition to its sovereignty claim. Thus, the motivations of Beijing's past aggressive behaviour, particularly against Vietnam, were under debate. Examination of the South China Sea disputes demonstrated that China's behaviour was influenced more by geopolitical considerations and the PLA's capability than by the need to secure energy resources and other economic necessities. The 1974 operation over the Paracels appears to be related more to Beijing's anticipation of expanding Soviet influence in the region after the reunification of Vietnam than to the oil factor. The 1988 battle with Vietnam can best be explained if we assume that China wanted to test the strength of Vietnam-Soviet ties in the circumstances that the Soviet Union had been preoccupied with its political and economic reform, thereby decreasing its commitment to Moscow's allies' affairs. Since the expectations of large oil reserves in the South China Sea had been disappointed by the time of this battle, and China was not a net oil importer until 1993, the oil factor was largely irrelevant as a significant influence on Beijing's motivation. One important factor is that China, for the first time, built an

observation station on Fiery Cross Reef in the Spratlys in 1988. This implies that China was increasingly confident about undertaking military operations in an area far beyond its coast, although the PLA was still at the beginning of naval modernisation. The construction of a 'fishermen's shelter' on Mischief Reef in 1995 can also be seen as a test whether the United States would intervene on behalf of its ally, the Philippines, after withdrawing from Subic Bay in 1992. In both 1988 and 1995, the probability of intervention by the Soviet Union or the United States was quite low. In addition, the armed forces of Vietnam and the Philippines were perceived as weaker than China's. Thus, China's realist behaviour was confirmed in the South China Sea.

However, China's recent behaviour such as the construction activity on Mischief Reef (1995 and 1998/99) and its stronger presence in the Scarborough Shoal area (2000 onward) appears low profile, compared with the military clashes with Vietnam in the past. Most observers agree that China's future behaviour in the South China Sea will be typified by 'creeping assertiveness'. However, this creeping assertiveness appears too self-restrained for *realpolitik*-oriented Beijing. Chapter 6 examined whether such self-restrained behaviour is in accordance with realist assumptions (this thesis' second purpose). It was argued that creeping assertiveness is indeed a rational option for China in pursuing its maxi/mini strategy in some ways: 1) China can increase its occupation while maintaining overall good relations with the ASEAN states; 2) it will not trigger US intervention, although China knows Washington's neutral position towards the Spratly disputes; 3) it causes ASEAN disarray which Beijing can take advantage of; and 4) not only the military balance but also the psychological balance are in China's favour. so it does not have to be particularly aggressive by its own standards.

This dissertation has examined China's general international behaviour and its more specific behaviour in relation to the South China Sea, using International Relations

theory as a basis for discussion. As mentioned in Chapter 5, the South China Sea disputes are complicated in terms of the number of factors to be considered, such as sovereignty, legal aspects, the energy factor, and the strategic and economic interests of outside powers. In addition, China is likely to handle the disputes in the context of its wider security concerns: the Taiwan issue, the United States' pursuit of establishing sea-based TMD system, and other internal security concerns such as separatist movements in Tibet and Xinjiang and the Falun Gong problem. All of these are directly connected with the CCP's legitimacy and the integrity of the Chinese state.

Although how China's other security concerns affect the South China Sea disputes was beyond the scope of this dissertation, paying attention to this issue is important in understanding the Beijing government's psyche and predicting more accurately its behaviour in the South China Sea. Another important point is to analyse the likely reactions and behaviour of outside powers such as the United States and Japan, because *if* tension between China and one or more of the other claimants were to intensify to the point of another military clash, these states' possible actions would surely enter into Beijing's calculation. Thus, these points need to be explored in further research.

Bibliography

Primary sources

1) Documents

Joint Statement, APEC First Ministerial Meeting (Canberra, Australia, November 6-7, 1989) available at <http://www.apecsec.org.sg/virtualib/minismtg/mtgmin89.html>

Chairman's Summary Statement, APEC First Ministerial Meeting (Canberra, Australia, 6-7 November 1989) available at <http://www.apecsec.org.sg/virtualib/minismtg/mtgmin89.html>

Chairman's Statement, The First ASEAN Regional Forum, (Bangkok, 25 July, 1994).

Joint Press Communiqué, The First ASEAN Finance Ministers Meeting (Phuket, 1 March 1997)

Joint Ministerial Statement, Special ASEAN Finance Ministers Meeting (Kuala Lumpur, 1 December 1997)

Joint Press Statement, The Second ASEAN Finance Ministers Meeting (Jakarta, 28 February 1998)

Chairman's Statement, The Fifth ASEAN Regional Forum, (Manila, 27 July 1998)

Joint Press Statement, Thirtieth ASEAN Economic Ministers Meeting (7-8 October 1998, Makati City, Philippines)

'Harnessing the Basic Strengths of ASEAN', Speech of His Excellency President Joseph Ejercito Estrada, Opening Ceremonies for the ASEAN Economic Ministers Meeting (Makati City, 7 October 1998)

Information Office of the State Council of the People's Republic of China, "China's National Defense" (Beijing, 1998), II. National Defense Policy, available at <http://www.fas.org/nuke/guide/China/doctrine/cnd9807/index/html>

"Economic Recovery Measures in ASEAN to Address the Financial and Economic Crisis", available at <http://www.asean.org.id> (last update 16 March 1999)

2) Statistical data

The Editorial Board of the Almanac of China's Foreign Economic Relations and Trade, *Almanac of China's Foreign Relations and Trade 1997/1998* (Beijing: China National Economy Publishing House Economic Information and Agency, 1997)

The World of Information Asia & Pacific Review 1998, 17th ed. (Essex: Walden Publishing, 1998), various Tables

United Nations, *Statistical Yearbook* (New York; 2000), various Tables

3) News (printed)

Peking Review, 18 January 1974, p.3

Peking Review, 18 June 1976, p.4.

Beijing Review, 8-14 May 1995, p.22

Chanda, Nayan, Rigoberto Tiglao and John Mcbeth, "Territorial Imperative", *Far Eastern Economic Review*, 23 February 1995, p.16

"China to Buy Three European Airbus-340s; Premier Li Peng Speaks at Ceremony", (Xinhua News Agency) *BBC Summary of World Broadcast (SWB)* FE/2539 S/ (16 February 1996)

Chanda, Nayan, "No-Cash Carrier", *Far Eastern Economic Review*, 10 October 1996, p.20

Ching, Frank, "At Apec Summit, Everyone Won", *Far Eastern Economic Review*, 9 December 1993, p.48

Durkee, F.F., "Oily Claims" *Far Eastern Economic Review*, 30 March 1995, p.4.

Bibliography

- Forny, Matt, "Gather Round", *Far Eastern Economic Review*, 31 July 1997, pp.14-15
- , "Private Party", *Far Eastern Economic Review*, 2 October 1997, pp.18-25
- Gilley, Bruce, "Stand-Down Order", *Far Eastern Economic Review*, 10 September 1998, pp.18-21
- Glosserman, Brad, "Living with a More Belligerent China", *The Japan Times*, 29 June 1998
- Granitsas, Alkman,. "Watch Your Back : China's Exports Begin to Compete More with Asean's". *Far Eastern Economic Review*, 2 October 1997, p.72
- Holloway, Nigel, "Revolutionary Defence", *Far Eastern Economic Review*, 24 July 1997, p.24 and p.28
- Lawrence, Susan V., "Village Democracy", *Far Eastern Economic Review*, 27 January 2000, p.
- Li Changjin, "World Economy at a Crossroad", *Beijing Review*, 4-11 January 1999, p.15
- Li Haibo, "A Question of Sovereignty", *Beijing Review*, 7-13 October 1996, pp.4-5
- Pfaff, Willam, "China Aims at the Long Term", *The Japan Times*, 25 June 1998
- Rashid, Ahmed and Trish Saywell, " Beijing Gasher : China Pays Hugely to Bag Energy Supplies Abroad", *Far Eastern Economic Review*, 26 February 1998, pp.46-48
- Richardson, Michael, "Storm Alert for the Spratlys", *International Herald Tribune*, 19 May 1999, p.7
- , "Asia Looks to Zhu for Sign of Backing Off on Spratlys", *International Herald Tribune*, 22 November 1999, p.5
- , "Beijing Tries to Cool Spratlys Dispute", *International Herald Tribune*, 29 November 1999, p.5
- Schwarz, Adam and Matt Forny, "Oil on Troubled Waters", *Far Eastern Economic Review*, 25 April, 1996, p.65
- Shim Jae Hoon and Robert Delfs, "Block Politic", *Far Eastern Economic Review*, 28 November 1991, p.26
- Vatikiotis, Michael, "Bloc Mentality", *Far Eastern Economic Review*, 9 December 1999, pp.22-24
- Vatikiotis, Michael, Murray Hiebert, S. Jayasankaran and Matt Forney, "Imperial Intrigue", *Far Eastern Economic Review*, 11 September 1997, pp.14-15
- Yatsko, Pamela, "Oh, Well", *Far eastern Economic Review*, 19 September 1996, p.68-69
- "A 2,000-year-old Claim", *Far Eastern Economic Review*, 7 August 1981, pp.30
- "Mending China", *Economist*, 13 February 1999, p.99
- "ASEAN Leaders to Discuss Spratlys Code of Conduct", *BBC Summary of World Broadcast (SWB)* FE/3698 B/4 (22 November 1999)
- "Kazakh President to Discuss Oil Pipeline, Possible Xinjiang Consul", (Itar-Tass) *BBC Summary of World Broadcast (SWB)* FE/3700 G/1 (24 November 1999)
- "China Rejects ASEAN Draft Code of Conduct on Disputed Spratly Islands", (The Nation) *BBC Summary of World Broadcast (SWB)* FE/3703 B/8 (27 November 1999)

4) News (internet)

- Backman, Michael, "China Continues to Shoot Itself in the Foot", *The Age*, 11 May 2000, available at <http://www.theage.com.au/bus/20000511/A53368-2000May10.html>
- Becker, Jasper, "Guarded Reactions to 'Explosion' of Mainland Economic Growth", *China Web*, Jul 24 2000, available at http://www.chinaweb.com/english/cw_html/economy/latestnews/HK9015.html
- Bezlova, Antoaneta, "World Bank Upsets Its Biggest Customer", *Asia Times*, 21 July 2000, available at <http://www.atimes.com/china/BG21Ad02.html>
- , "PNTR Deal Just Part of a Lengthy Process", *Asia Times*, 23 September 2000. available at <http://www.atimes.com/china/BI23Ad01.html>

Bibliography

- Blagov, Sergei, "Russia, China Energy Deal in the Pipeline", *Asia Times*, 18 March 2000, available at <http://www.atimes.com/c-asia/BC18Ag01.html>
- Blustein, Paul, "U.S.-China Flap Clouds Trade Issue: Spy Plane Standoff Worries U.S. Firms", *Washington Post*, 5 April 2001; Page E01, available at <http://www.washingtonpost.com/wp-dyn/world/issues/chinatensions/A40563-2001Apr4.html>
- Buldekbayev, Murat, "Kazakhs Hail New Caspian Oil Field", *Moscow Times*, 5 July 2000, available at <http://www.themoscowtimes.com/stories/2000/07/05/003.html>
- Burgess, John, "For Many, China Trade Bill Isn't About Exports", *Washington Post*, 27 May 2000; Page E01, available at <http://www.washingtonpost.com/wp-srv/WPlate/2000-05/27/0531-052700-idx.html>
- Callick, Rowan, "'World Bank Model' Threat to Recovery", *Australian Financial Review*, 21 August 1999, available at <http://www.afr.com.au/content/990821/world/world1.html>
- Courtis, Kenneth, "Why the Asian Financial Crisis Was Hardly All Asia's fault?", *The Korea Herald*, 24 November 1999, available at <http://www.asiamedia.ucla.edu/Special/11.24.99/KennethCourtis.htm>
- Chandler, Clay, "Chinese Offer Deal For Entry Into WTO", *Washington Post*, 11 May 2000; Page A23, available at <http://www.washingtonpost.com/wp-srv/WPlate/2000-05/11/2531-051100-idx.html>
- Dwyer, Michael, "China Deals Blow to US Phone Technology", *Australian Financial Review*, 6 June 2000, available at <http://www.afr.com.au/content/000606/world/wchina.html>
- , "Buy and Large, Chinese Boost Economy", *Australian Financial Review*, 15 September 2000, available at <http://www.afr.com.au/world/20000915/A411-2000Sep14.html>
- , "Two Years Out, 'Fourth Generation' Gears up in Race to Replace Jiang", *Australian Financial Review*, 13 October 2000, available at <http://www.afr.com.au/world/20001013/A47823-2000Oct12.html>
- Foot, Rosemary, "China in the Asean Regional Forum", *Asian Survey* v38, n5 (May, 1998), available at <http://www.asiamedia.ucla.edu/Deadline/Tonchev/ASEANSecurity/articles/Foot.htm>
- Gray, Joanne, "Clinton Trade Deal Not Home Yet", *Australian Financial Review*, 17 November 1999, available at <http://www.afr.com.au/content/991117/world/world1.html>
- , "Congress Trades Principles on China WTO", *Australian Financial Review*, 10 March 2000, available at <http://www.afr.com.au/content/000310/world/wwashington.html>
- , "Political Use of WTO Rued", *Australian Financial Review*, 27 June 2000, available at <http://www.afr.com.au/world/20000628/A38533-2000Jun27.html>
- Hamlin, Michael Alan, "The Big Vacuum: APEC Leadership", *Business World*, 20 November 1998, available at <http://apec.bworldonline.com/Latest/coverage/November98/1120c98.html>
- Harmsen, Peter and Emily Schwartz, "China Calls for U.S. Help on WTO This Year", *Asia Times*, 12 May 1999, available at <http://www.atimes.com/china/AE14Ad02.html>
- Havely, Joe, "Analysis: Flashpoint Spratly", BBC, 14 February 1999, available at http://news.bbc.co.uk/hi/english/world/asia-pacific/newsid_279000/279170.stm
- Hsu, Brian, "China's Air Force to Get New Missile", *Taipei Times*, 10 May 2000, available at <http://taiwansecurity.org/TT/TT-051000.htm>
- Hu Qihua, "Nations to Jointly Explore Oil", *China Daily*, 7 July 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/07/d1-1jian.707.html>
- Kanth, D. Ravi, "China Enters Last Leg of Talks to Join WTO by Year-End", *Business Times*, 20 June 2000, available at <http://business-times.asia1.com.sg/2/news/nwrl05.html>
- , "China's WTO Entry Bedevilled by Obstacles", *Business Times*, 22 September 2000, available at <http://business-times.asia1.com.sg/5/news/nchin02.html>
- Kazer, William, "Short-term Pain, Long-term Gain", *South China Morning Post*, 26 May 2000, available at http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-20000526032502676.asp
- Kohli, Sheel, "Lamy Last Stop for Beijing", *South China Morning Post*, 24 February 2000, available at http://www.scmp.com/News/Business/Article/FullText.asp_ArticleID-20000224014816226.asp

Bibliography

- Lague, David, "International Help Rejected in Filipino Dispute", *Sydney Mornig Herald*, 23 March 1999, available at <http://www.smh.com.au/news/9903/23/world/world3.html>
- Lawrence, Susan V. and Bruce Gilley, "China Bitter Harvest: The Handover of the Military's Business Empire Has Stirred up a Hornet's Nest", *Far Eastern Economic Review*, 29 April 1999, available at <http://taiwansecurity.org/News/FEER-990429.htm>
- Lopez, Antonio and David Hsieh, "The Beijing-Manila Spratlys feud heats up", *Asiaweek* 16 April 1999, available at <http://www.pathfinder.com/asiaweek/99/0416/nat6.html>
- Lloyd-Smith, Jake, "China Says Mexico Demands Stymie WTO Efforts", *South China Morning Post*, 14 November 2000, available at http://www.scmp.com/News/Business/Article/FullText_asp_ArticleID-20001114011532234.asp
- , "US Trade Diplomat Defends Forum Against Critics", *South China Morning Post*, 15 November 2000, available at http://www.scmp.com/News/Business/Article/FullText_asp_ArticleID-20001115005014242.asp
- Lobe, Jim, "Israel Yields to US on Key China Deal", *Asia Times*, 14 July 2000, available at <http://www.atimes.com/china/BG14Ad01.html>
- Magnier, Mark, "Chinese Military Still Embedded in the Economy", *Los Angels Times*, 9 January 2000, available at <http://taiwansecurity.org/LAT/LAT-010900-Chinese-Military-Economy.htm>
- Mead, Walter Russell, "The Price of China's New Policy", *Los Angels Times*, 21 November 1999, available at <http://taiwansecurity.org/LAT/LAT-991121-China's-New-Policy.htm>
- Meng Yan, "Foreign Direct Investment Declines 7.5%", *China Daily*, 23 July 2000, available at <http://www.chinadaily.com.cn/bw/history/2000/07/b1-5inve.723.html>
- Miller, Matthew, "Beijing Mulls Non-tariff Steps If Granted NTR", *South China Morning Post*, 16 March 2000, available at http://special.scmp.com/ChinaWTOBid/Article/FullText_asp_ArticleID-20000523193330363.asp
- , "Zhu Believes Mainland Near WTO Goal", *South China Morning Post*, 11 May 2000, available at http://special.scmp.com/ChinaWTOBid/Article/FullText_asp_ArticleID-20000524123232861.asp
- Nakamoto, Michiyo, "Japan: Defence Role Strengthened", *Financial Times*, 30 April 1999, available at <http://taiwansecurity.org/News/FT-990430.htm>
- Nyquist, J.R., "Chinese Premier Calls for Nuclear War Preparations", *Newmax Com*, 23 March 1999, available at <http://www.freerepublic.com/forum/a36f8cf4b0b46.htm>
- Ng, Eric and Agencies, "First Step Towards Strategic Reserve", *South China Morning Post*, 17 March 2001, available at <http://biz.scmp.com/ZZZ8PYNJDKC.html>
- Parpart, Uwe, *Asian Crisis Diary*, Vol II : "FDI battle: Southeast Asia Is Losing It", *Asia Times*, 13 January 2001, available at <http://www.atimes.com/editor/CA13Ba01.html>
- Plate, Tom, "Beijing's Reform Movement in Peril", *Los Angeles Times*, 12 May 1999, available at <http://taiwansecurirty.org/organisation/News/LAT-990512.htm>
- Pomfret, John, "China's Zigzagging Path on Taiwan: Mixed Signals Leave Policy Unclear", *Washington Post*, 8 March 2000, available at <http://taiwansecurity.org/WP/WP-030800.htm>
- Prince, Todd, "Kazak Oil May Signal Realignment of Power", *Russia Journal*, 11 July 2000, available at http://www.russiajournal.com/start/analysis/article_69_3184.htm
- Raum, Tom, "New problems for China Trade Bill Emerge in Senate", *Mercury Center*, 25 May 2000, available at <http://www.mercurycenter.com/asia/docs/019163.htm>
- Richardson, Michael, "Japan's Lack of Leadership Pushes ASEAN Toward Cooperation With China", *International Herald Tribune*, 17 April 1998, available at <http://www.ihf.com/IHT/MR/98/mr041798.html>
- , "A Nervous ASEAN Will Approach China Over Expansion in Spratlys", *International Herald Tribune*, 13 April 1999, available at <http://www.ihf.com/IHT/MR/98/mr121498.html>
- Rowley, Anthony, "External Shocks Could Send Asia Back into Slump: Policymakers", *Business Times*, 14 January 2000, available at <http://business-times.asia1.com.sg/4/nseas/nseas01.html>

Bibliography

Saywell, Trish, "Shades of Grey", *Far Eastern Economic Review*, 20 May 1999, available at http://www.feer.com/Restricted/index_bl.html)

Scherer, Ron, "If China Trade Opens, Who Gains?", *Christian Science Monitor*, 22 May 2000, available at <http://www.csmonitor.com/durable/2000/05/22/fp1s1-csm.shtml>

Shao Zongwei, "Missiles Sale Draws Fire", *China Daily*, 10 March 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/03/d1-2pr~1.310.html>

Shao Zongwei and Gao Wei, "China, US Sign Landmark Pact", *China Daily*, 16 November 1999, available at <http://www.chinadaily.com.cn/cndy/history/1999/11/d1-1deal.b16.html>

Sharma, Yojana, "German Deals with China Back on Track", *Asia Times*, 5 July 2000, available at <http://www.atimes.com/china/BG05Ad01.html>

Shi Wei, "WTO Failure Would Hurt EU Just As Much As Beijing", *South China Morning Post*, 19 May 2000, available at <http://www.scmp.com/>

Sito, Peggy, "EU Sees March as Earliest Date for Membership", *South China Morning Post*, 21 November 2000, available at http://www.scmp.com/news/Business/Article/FullText.asp_ArticleID-20001121014225998.asp

Sui, Cindy, "China Accepts Chen's Win But Plans to Watch Closely", *Washington Post*, 19 March 2000, Page A28, available at <http://www.washingtonpost.com/wp-srv/WPlate/2000-03/19/2261-031900-idx.html>

Tay Hong Seng, "Slow Growth Seen in China FDI Despite Entry into WTO", *Business Times*, 28 September 2000, available at <http://business-times.asia1.com.sg/4/news/nwrl09.html>

Teh Hooi Ling, "S'pore Investments in China Down 23% in '99", *Business Times*, 25 February 2000, available at <http://business-times.asia1.com.sg/5/news/nsing02.html>

Torode, Greg, "Teamsters' Opposition to WTO Bid Loud and Clean", *South China Morning Post*, 10 May 2000, available at http://special.scmp.com/ChinaWTOBid/Article/FullText.asp_ArticleID-20000524123001708.asp

———, "US Trade Vote Seen as Battle of Values", *South China Morning Post*, 11 May 2000, available at http://special.scmp.com/ChinaWTOBid/Article/FullText.asp_ArticleID-20000524123042044.asp

———, "NTR Down to the Wire", *South China Morning Post*, 19 May 2000, available at http://www.scmp.com/News/China/Article/FullText.asp_ArticleID-20000519031227477.asp

———, "Hard Bargaining for Freer Trade", *South China Morning Post*, 21 May 2000, available at http://special.scmp.com/ChinaWTOBid/Article/FullText.asp_ArticleID-20000525105855578.asp

Uniyal, Mahesh, "SE Asia Frowns on US Missile Shield Plan", *Asia Times*, 27 July 2000, available at <http://www.atimes.com/se-asia/BG27Ae01.html>

Valencia, Mark J., "Beijing Is Setting the Stage for Trouble in the South China Sea", *International Herald Tribune*, 3 July 2000, available at <http://taiwansecurity.org/IHT/IHT-070300.htm>

Vanzi, Sol Jose, "RP Proposes Conference of All Spratly Claimants", *Newsflash*, 15 November 1998, available at <http://www.newsflash.org/199811/h1/h1001082.htm>

———, "US Backs Conference of Spratly Claimants", *Newsflash*, 13 January 1999, available at <http://www.newsflash.org/1999/01/h1/h1011103.htm>

Villaviray, Johnna R., "South China Sea Rift Not in ASEM Agenda", *Manila Times*, 19 February 1999, available at <http://www.manilatimes.net/news/news021999j.html>

———, "ASEM Chair Cool to Spratlys Issue", *Manila Times*, 23 February 1999, available at <http://www.manilatimes.net/news/news022399j.html>

———, "RP eyes expansion of Spratlys facilities", *Manila Times*, 25 February 1999, available at <http://www.manilatimes.net/news/news022599b.html>

Wang Ying, "Exchange Rate Steady", *China Daily*, 20 July 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/07/d1-1bank.720.html>

Bibliography

- Willy Wo-Lap Lam, "Generals Support PLA Enterprise Ban", *South China Morning Post*, 15 March 1999, available at <http://www.scmp.com/>
- , "The Barriers That Still Remain", *South China Morning Post*, 17 November 1999
- , "President Profiting from Tough Sentence", *South China Morning Post*, 3 August 2000, available at http://www.scmp.com/News/China/Article/FullText_asp_ArticleID-20000803025531400.asp
- Xiao Shao and Gao Wei, "China, Philippines Vow Regional Stability", *China Daily*, 18 May 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/05/d1-2zhu.518.html>
- Xie Ye, "Nation to Stockpile Oil in case of Crisis", *China Daily*, 16 March 2001, available at <http://www.chinadaily.net/cover/storydb/2001/03/16/mn-boil.316.html>
- Xu Yufan, "China's Military Brings up the Rear", *Asia Times*, 7 July 2000, available at <http://www.atimes.com/china/BG07Ad01.html>
- Zhang Yan, "Exports, Imports Boomed Last Year", *China Daily*, 14 January 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/01/d1-1tra.114.html>
- Zhao Shaoqin, "Project Open to Foreign Investment", *China Daily*, 13 July 2000, available at <http://www.chinadaily.com.cn/cndy/history/2000/07/d1-3gas.713.html>
- "ASEAN to Discuss Chinese Offer on Spratlys", *New Straits Times*, 27 August 1997 available at http://www.un.org/Depts/los/los_news.htm
- "China Won't Go to War Over Spratlys", *Yahoo! News*, 6 August 1998, available at http://dailynews.yahoo.com/headlines/world/Asian/story.html?s=n/the_philippines_star/world/19980805/19980805201
- "China Opposes Spratly Meeting", BBC, 13 January 1999, available at http://news.bbc.co.uk/hi/english/world/asia-pacific/newsid_254000/254600.stm
- "Philippine Diplomats Told to Raise South China Sea Disputed at ASEM", yahoo news Asia, 24 February 1999, available at <http://asia.yahoo.com/headlines/240299/news/919852440-90224113403.newsasia.html>
- "Erap Asks UN to Help Settle Row on Spratlys", *Philippine Daily Inquirer*, 19 March 1999, available at http://www.inquirer.net/issues/mar99/mar19/news/news_2.htm (scs11f)
- "Chinese Claim Spratly Island Facilities are Non-Military", BBC, 23 March 1999, available at <http://www.freerepublic.com/forum/a36f759c71e8e.htm>
- "China Remains Firm on Spratlys", BBC, 23 March 1999, available at <http://www.freerepublic.com/forum/a36fa0d9329be.htm>
- "Philippines to Pursue Patrols, Arrest of Foreign Fishermen in Spratlys", AFP, 25 March 1999, available at <http://www.freerepublic.com/forum/a36falc70346e.htm>
- "China Rebuffs RP Anew", *Philippine Daily Inquire*, 5 April 1999, available at http://www.inquirer.net/issues/apr99/apr06/news/news_6.htm
- "Philippines Gets Short Shrift on South China Sea Code of Conduct", Reuters, 5 April 1999, available at <http://sg.yahoo.com/headlines/050499/news/923314740-90405121929.newsasia.html>
- "Manila's Spratlys Setback", *South China Morning Post*, 6 April 1999, available at <http://www.freerepublic.com/forum/a370987221b1b.htm>
- "China Opposes Bringing Reef Issue Before UN Court", *China Times*, 14 April 1999, available at <http://www.chinatimes.com.tw/english/epolitic/88041402.htm>
- "Military Is Back in Business", *Asia Times*, 19 April 2000, available at <http://www.atimes.com/china/BD18Ad01.html>
- "Philippine Congress Leader Calls for Review of One-China Policy", AFP, 24 April, 1999, available at <http://www.freerepublic.com/forum/a3722b76b404a.htm>

Bibliography

- "Thousands Protest U.S.-Philippine Military Accord", CNN, 5 May 1999, available at <http://www.cnn.com/WORLD/asiapcf/9905/05/BC-PHILIPPINES-USA.reut/index.html>
- "Senators Urge Clinton to Move Ahead with China Trade", *Mercury Center Asian Report*, 13 May 1999, available at <http://www.mercurycenter.com/asia/docs/068611.htm>
- "Mahathir's Vision Brings Asian Bloc Closer to Reality", STRATFOR.COM, 20 September 1999, available at <http://www.atimes.com/asia-crisis/AI21Db01.html>
- Remarks by the President to U.S. Embassy in A, Office of the Press Secretary (Ankara, Turkey) For Immediate Release, 15 November 1999, available at <http://www.pub.whitehouse.gov/uri-res/I2R?urn:pdi://oma.eop.gov.us/1999/11/15/18.text.1>
- "China Concedes Much on Paper, But Little in Reality", STRATFOR.COM, 16 November 1999, available at <http://www.atimes.com/china/AK17Ad01.html>
- "WTO Deal: 'A Profoundly Important Step'", *Asia Times*, 17 November 1999, available at <http://www.atimes.com/editor/AK17Ba01.html>
- "WTO Pact Signing Prompts Revival of Plan to Use US Technology", *South China Morning Post*, 23 November 1999, available at http://special.scmp.com/ChinaWTOBid/Article/FullText.asp_ArticleID-20000523192550861.asp
- "Is This Boom for Real?", *Asia Times*, 24 November 1999, available at <http://www.atimes.com/editor/AK24Ba01.html>
- "After the Crisis, SE Asia Looks to Its Big Brothers", *Asia Times*, 30 November 1999, available at <http://www.atimes.com/se-asia/AK30Ae02.html>
- "Japan Ready to Open up to Asia", *Asia Times*, 30 November 1999, available at <http://www.atimes.com/japan-econ/AK30Dh01.html>
- "Asia Rethinks Its Policy of Non-interference", STRATFOR.COM, 3 December 1999, available at <http://www.atimes.com/se-asia/AL04Ae01.html>
- "Vietnam and China Sign Landmark Border Treat", Agence France Presse, 30 December 1999, available at <http://taiwansecurity.org/AFP/AFP-991230-Border-Treaty.htm>
- "China's First Aircraft Carrier Ready for Service in 2005: Report", Agence France Presse, 12 January 2000, available at <http://taiwansecurity.org/AFP/AFP-01122000-Aircraft-Carrier.htm>
- "Chinese Aircraft Seen Over South China Sea Shoal: Philippines", Agence France Presse, 23 January 2000, available at <http://taiwansecurity.org/AFP/AFP-01232000-South-China-Sea.htm>
- "China's New Naval Strategy", STRATFOR.COM, 26 January 2000, available at <http://www.atimes.com/china/BA27Ad05.html>
- "China's Destroyers Worry Taiwan", Associated Press, 9 February 2000, available at <http://taiwansecurity.org/AP/AP-020900-Destroyers.htm>
- "Chinese Purchase of Russian Warship Not a Significant Threat: US", Agence France Presse, 11 February 2000, available at <http://taiwansecurity.org/AFP/AFP-021100-Warship.htm>
- "Taiwan poll finds voters unmoved by China threat", *San Jose Mercury News*, 23 February 2000, available at <http://www.mercurycenter.com/asia/docs/036122.htm>
- "EU Trade Talks End But Gaps Remain", *South China Morning Post*, 24 February 2000, available at http://www.scmp.com/News/Business/Article/FullText.asp_ArticleID-20000224165329578.asp
- "EU Seeks 51% Stakes in China Telecoms Firms", *Business Times*, 25 February 2000, available at <http://business-times.asia1.com.sg/5/news/nchin03.html>
- "China's Jiang Renews Taiwan Threat", Reuters, 4 March 2000, available at <http://taiwansecurity.org/Reu/Reuters-030400-Jiang.htm>
- "Oiling China's War Machine", STRATFOR.COM, 11 March 2000, available at <http://www.atimes.com/china/BC11Ad01.html>
- "Administration Releases China Deal Text, Pledges Enforcement", *San Jose Mercury News*, 14 March 2000, available at <http://www.mercurycenter.com/asia/docs/043102.htm>

Bibliography

- "Washington reveals Details of WTO Deal", *South China Morning Post*, 15 March 2000, available at http://www.scmp.com/News/Front/Article/FullText_asp_ArticleID-20000315102431704.asp
- "US Firms Sees Policies Stifling Profits", *South China Morning Post*, 15 March 2000, available at http://www.scmp.com/News/Business/Article/FullText_asp_ArticleID-20000315020747013.asp
- "China Finance Sector Reform Moves Ahead", *Business Times*, 17 March 2000, available at <http://business-times.asia1.com.sg/5/news/nchin07.html>
- "China Deploying S-300 Anti-Aircraft Missiles Opposite Taiwan: Report", *China Times*, 29 March 2000, available at <http://www.chinatimes.com.tw/english/epolitic/89032814.htm>
- "Military Is Back in Business", *Asia Times*, 19 April 2000, available at <http://www.atimes.com/china/BD18Ad01.html>
- "Indian Naval Exercises", NAPSNET [North Asia Peace and Security Network], 8 May 2000, available at <http://www.nautilus.org/napsnet/dr/0005/MAY08.html#item7>
- "Beijing, EU Make Historic WTO Breakthrough", *South China Morning Post*, 19 May 2000, available at <http://www.scmp.com/>
- "China to Float Renminbi This Year: Economist", *Business Times*, 12 May 2000, available at <http://business-times.asia1.com.sg/5/news/nchin01.html>
- "US Debates Morality, Free Trade and National Interest", STRATFOR.COM, 22 May 2000, available at <http://www.atimes.com/china/BE23Ad01.html>
- "China-EU WTO Deal A Double-Edged Sword For Chinese Firms", *Inside China*, 22 May 2000, available at <http://www.insidechina.com/investorinsight/business.php3?id=161145>
- "WTO Deal With EU Done, China Eyes Key U.S. Vote", *Inside China*, 22 May 2000, available at <http://www.insidechina.com/news.php3?id=161299>
- "APEC Ministers to Consider 'Subregional' Trade Pacts", *Japan Times*, 23 May 2000, available at <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20000523a1.htm>
- "Beijing Gives Qualified Approval to Package", *South China Morning Post*, 25 May 2000, available at http://www.scmp.com/News/Front/Article/FullText_asp_ArticleID-20000525114919704.asp
- "Why the US Trade Vote Matters", BBC, 25 May 2000, available at http://news.bbc.co.uk/hi/english/business/newsid_761000/761852.stm
- "China PNTR: And now for the real issue . . .", *Asia Times*, 26 May 2000, available at <http://www.atimes.com/editor/BE26Ba01.html>
- "Seven Nations Prepare for Rimpac 2000", *Japan Times*, 28 May 2000, available at <http://www.japantimes.co.jp/cgi-bin/getarticle.pl5?nn20000528a3.htm>
- "Philippine Troops Fire On Chinese Boat, One Dead", *Inside China*, 28 May 2000, available at <http://www.insidechina.com/news.php3?id=163487>
- "Yuan Put to the Test Ahead of WTO Entry", *South China Morning Post*, 31 May 2000, available at http://www.scmp.com/News/Business/Article/FullText_asp_ArticleID-20000531030246773.asp
- "US 'Expects Mainland Missile Test'", *South China Morning Post*, 8 June 2000, available at <http://taiwansecurity.org/SCMP/SCMP-060800.htm>
- "Israel Acts To Defuse Row With U.S. Over China Spy Plane Deal", Agence France Presse, 19 June 2000, available at <http://taiwansecurity.org/AFP/AFP-061900.htm>
- "China's New Ideology Campaign for Party and Modernization", BBC Monitoring, 20 June 2000, available at <http://www.insidechina.com/localpress/bbcmmonitor.php3?id=170497>
- "Israel Tries To Defuse China Arms Dispute With U.S.", *Inside China*, 29 June 2000, available at <http://www.insidechina.com/news.php3?id=173588>
- "Business to Dominate Premier Zhu's Trip to Germany", China Web, 29 June 2000, available at http://www.chinaweb.com/english/cw_html/news/industries/HK7904.html
- "Bending Rules in China", *Washington Post*, 5 July 2000; Page A20, available at <http://www.washingtonpost.com/wp-srv/WPlate/2000-07/05/0081-070500-idx.html>

Bibliography

- "Capital Flight from China May Be Double Official Data", *Business Times*, 11 July 2000, available at <http://business-times.asia1.com.sg/2/news/nchin03.html>
- "China Economy Up 8.6% in First-half: Zhu", *Business Times*, 13 July 2000, available at <http://business-times.asia1.com.sg/4/news/nchin02.html>
- "China's WTO Membership Boost To Democracy", *Inside China*, 14 July 2000, available at <http://www.insidechina.com/news.php3?id=178837>
- "China Talks Oil, Regional Security With Kazakhstan", *Inside China*, 29 July 2000, available at <http://www.insidechina.com/news.php3?id=183960>
- "China Complains Over Bid To Block WTO Accession", *Inside China*, 4 August 2000, available at <http://www.insidechina.com/news.php3?id=185901>
- "China To Form New Air Defense Zone Covering Hong Kong", *Inside China*, 15 August 2000, available at <http://www.insidechina.com/news.php3?id=189083>
- "China Starts New Round of Talks with WTO Over Membership", *China Daily*, 14 September 2000, available at <http://www.chinadaily.net/cover/storydb/2000/09/14/mn-wtoge.914.html>
- "Strong Growth for China's Economy", BBC, 16 October 2000, available at http://news.bbc.co.uk/hi/english/business/newsid_974000/974354.stm
- "A Code of Conduct for the South China Sea?", *Jane's Intelligence Review*, 27 October 2000, available at http://www.janes.com/regional_news/asia_pacific/news/jir/jir001027_1_n.shtml
- "Fit Policies to Overseas Investors", *China Daily*, 3 November 2000, available at <http://www.chinadaily.net/cover/storydb/2000/11/03/cb-polic.b03.html>
- "China Inches Closer to WTO but Hurdles Remain", *China Daily*, 7 November 2000, available at <http://www.chinadaily.net/cover/storydb/2000/11/07/mn-wto.110.html>
- "WTO Official: China 'one foot in WTO'", *China Daily*, 10 November 2000, available at <http://www.chinadaily.net/cover/storydb/2000/11/10/cb-wto.b10.html>
- "Trade Clash at Apec Summit", BBC, 15 November 2000, available at http://news.bbc.co.uk/hi/english/business/newsid_1024000/1024700.stm
- "Investment Pledges Soar to US\$43b", *South China Morning Post*, 15 November 2000, available at http://www.scmp.com/News/Business/Article/FullText.asp_ArticleID-20001115005045096.asp
- "Mexicans Upbeat on WTO Dispute", *South China Morning Post*, 15 November 2000, available at http://www.scmp.com/News/Business/Article/FullText.asp_ArticleID-20001115005016154.asp
- "Jiang Warns APEC Leaders Of Hidden Dangers Of Globalized Economy", *Inside China*, 16 November 2000, available at <http://www.insidechina.com/news.php3?id=221069>
- "The Presence of Japan Is Diminishing in APEC", *Asahi Shimbun*, 20 November 2000, available at <http://www.asahi.com/english/asahi/1120/asahi112011.html>
- "Russia ready to sell radar system blocked by US", *Sydney Morning Herald*, 20 November 2000, available at <http://www.smh.com.au/news/0011/20/text/world11.html>
- "50 Million Tons of Oil Predicted to Be Imported This Year", *People's Daily*, 21 November 2000, available at http://english.peopledaily.com.cn/200011/21/eng20001121_55771.html
- "China's Crude Oil Imports Exceed 60 Million Tons", *People's Daily*, 16 December 2000, available at http://english.peopledaily.com.cn/200012/16/eng20001216_57996.html
- "Country Economic Review: People's Republic of China", *Asia Times*, 23 December 2000, available at <http://www.atimes.com/reports/BL23Ai01.html>
- "Bullish Future for Home Markets", *China Daily*, 8 January 2001, available at <http://www.chinadaily.net/cover/storydb/2001/01/08/cb-marke.108.html>
- "Crucial Period Ahead for Chinese Economy: Chinese Finance Minister", *People's Daily*, 10 January 2001, available at http://english.peopledaily.com.cn/200101/10/print20010110_60117.html
- "China's Foreign Trade Hit Record High in 2000", *People's Daily*, 11 January 2001, available at http://english.peopledaily.com.cn/200101/11/eng20010111_60120.html

Bibliography

- “China's Imports Up Remarkably”, China Web, 12 January 2001, available at http://www.chinaweb.com/english/cw_html/economy/latestnews/BJ16812.html
- “China's Foreign Trade Keeps Growing”, *People's Daily*, 4 March 2001, available at <http://www.english.peopledaily.com.cn/20010304/eng2010304-6405.html>
- “China Trade and Investment Fillip for the Philippines”, *Asia Times*, 7 March 2001, available at <http://www.atimes.com/se-asia/CC07Ae02.html>
- “Philippines Has No Right to Check Chinese Fishing Vessels”, *People's Daily*, 19 March 2001, available at http://english.peopledaily.com.cn/200103/19/eng20010319_65418.html
- “China's Petroleum Import to Hit 100m Tons in Five Years”, *People's Daily*, 23 March 2001, available at http://http://english.peopledaily.com.cn/200103/23/eng20010323_65800.html
- “Tokyo Walks Tightrope as Elderly Chinese 'Await' War”, *Asia Times*, 10 April 2001, available at <http://www.atimes.com/japan-econ/CD10Dh02.html>
- “China Keeps Climbing Export/Import ladder”, *Asia Times*, 11 April 2001, available at <http://www.atimes.com/China/CD11Ad03.html>

Books and articles

- Acharya, Amitav, “A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era”, *Adelphi Paper* 279, 1993
- , “Realism, Institutionalism, and the Asian Economic Crisis”, *Contemporary Southeast Asia* 21(1), 1999, pp.1-29
- Adie, W.A.C., *Chinese Strategic Thinking under MaoTse-tung* (Canberra: Australian National University Press, 1972)
- Alagappa, Muthiah, “Regional Arrangements and International Security in Southeast Asia: Going Beyond ZOPFAN”, *Contemporary Southeast Asia* 12(4), 1991, pp. 269-305
- Allison, Graham T., *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown and Company, 1971).
- Allison, Graham T. and Morton Halperin, “Bureaucratic Politics: A Paradigm and Some Policy Implications”, in Raymond Tanter and Richard H. Ullman (eds.), *Theory and Policy in International Relations* (Princeton: Princeton University Press, 1972), pp.40-79
- Almond, Gabriel A., “Comparative Political Systems”, *The Journal of Politics* 18(3), 1956, pp.391-409
- , “Political Socialization and Political Culture”, in Gabriel A. Almond (ed), *Comparative Politics Today: A World View* (Boston and Toronto: Little, Brown and Company, 1974), pp.43-56
- Almond, Gabriel A. and Sidney Verba, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton: Princeton University Press, 1963)
- Angell, Ralph Norman, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (London: William Heinemann, 1914)
- Ang Cheng Guan, “ASEAN, China and the South China Sea Dispute: A Rejoinder”, *Security Dialogue* 30(4), 1999, pp.425-430
- , “The South China Sea Dispute Revisited”, *Australian Journal of International Affairs* 54(2), 2000, pp.201-215
- Antolik, Michael, “The ASEAN Regional Forum: The Spirit of Construction Engagement”, *Contemporary Southeast Asia* 16(2), 1994, pp.117-136
- Ashley, Richard K., “The Poverty of Neorealism”, in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), pp.255-300
- , “Untying the Sovereign State: A Double Reading of the Anarchy Problematique”, *Millennium* 17(2), 1988, pp.227-262

Bibliography

- Austin, Greg, *China's Ocean Frontier: International Law, Military Force and National Development* (St. Leonard, Australia: Allen & Unwin, 1998)
- Axelrod, Robert, "Conflict of Interest: An Axiomatic Approach", *Journal of Conflict Resolution* 11(1), 1967, pp.87-99
- , "The Emergence of Cooperation among Egoists", *American Political Science Review* 75, 1981, pp.306-318
- , *The Evolution of Cooperation* (London: Penguin, 1990)
- Axelrod, Robert and Robert O. Keohane, "Achieving Cooperation Under Anarchy: Strategies and Institutions", *World Politics* 38(1), 1985, pp.226-254
- Bachrach, Peter and Morton S. Baratz, *Power and Poverty: Theory and Practice* (New York: Oxford University Press, 1970)
- Backman, David, "Domestic Sources of Chinese Foreign Policy", in Samuel S. Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd ed. (Boulder: Westview Press, 1994), pp.42-59
- Baldwin, David A., "Power Analysis and World Politics: New Trends versus Old Tendencies", *World Politics* 31(2), 1978, pp.161-194
- , "Interdependence and Power: A Conceptual Analysis", *International Organization* 34(4), 1980, pp.471-506
- Ball, Desmond, "Strategic Culture in the Asia-Pacific Region", *Security Studies* 3(1), 1993, pp.44-74
- , "Arms and Affluence: Military Acquisitions in the Asia-Pacific Region", *International Security* 18(3), 1993/94, pp.78-112
- Barbieri, Katherine, "Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?", *Journal of Peace Research* 33(1), 1996, pp.29-49
- Barbieri, Katherine and Gerald Schneider, "Globalization and Peace: Assessing New Direction in the Study of Trade and Conflict", *Journal of Peace Research* 36(4), 1999, pp.387-404
- Barkun, Michael, *Law without Sanctions: Order in Primitive Societies and the World Community* (New Haven and London: Yale University press, 1968)
- Barnett, A. Doak, *The Making of Foreign Policy in China* (London: I.B. Tauris, 1985)
- Bartelson, Jans, *A Geneology of Sovereignty* (Cambridge: Cambridge University Press, 1995)
- Baum, Richard, "The Fifteenth National Party Congress: Jiang Takes Command?", *China Quarterly* 153, 1998, pp.141-156
- Bergsten, C. Fred, "APEC and World Trade: A Force for Worldwide Liberalization", *Foreign Affairs* 73(3), 1994, pp.20-26
- Bernstein, Richard and Ross H. Munro, "China I. The Coming Conflict with America", *Foreign Affairs* 76(2), 1997, pp.18-32
- , *The Coming Confront with China* (New York: Alfred A. Knopf, 1997)
- Bert, Wayne, "Chinese Policies and U.S. Interests in Southeast Asia", *Asian Survey* 33(3), 1993, pp.317-332
- Bessho, Koro, "Identities and Security in East Asia", *Adelphi Paper* 325, 1999
- Betts, Richard K, "Wealth, Power, and Instability: East Asia and the United States After the Cold War", *International Security* 18(3), 1993/94, pp.34-77
- Bin Yu, "Sino-Russian Military Relations: Implications for Asian-Pacific Security", *Asian Survey* 33(3), 1993, pp.302-316
- Booth, Ken, "Security in Anarchy: Utopian Realism in Theory and Practice", *International Affairs* 67(3), 1991, pp.527-545
- , "Dare not to Know: International Relations Theory versus the Future", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995). pp.328-350

Bibliography

- Booth, Ken and Russell Trood, "Preface", in Ken Booth and Russell Trood (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999), pp.vii-xi
- Bradley, Mark R., "Regime Types, Markets, and War: The Importance of Pervasive Rents in Foreign Policy", *Comparative Political Studies* 26(2), 1993, pp.178-197
- Brown, Chris, *International Relations Theory: New Normative Approach*, (Henel Hempstead, Harvester Wheatsheaf, 1992)
- , "International Political Theory and the Idea of World Community", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.90-109
- Bull, Hedley, *The Anarchical Society: A Study of Order in World Politics* (London: Macmillan, 1977)
- Burchill, Scott, "Liberal Internationalism", in Scott Burchill and Andrew Linklater, *Theories of International Relations* (Hampshire: Macmillan Press, 1996), pp.28-66
- , "Realism and Neo-realism", in Scott Burchill and Andrew Linklater, *Theories of International Relations* (Hampshire: Macmillan Press, 1996), pp.67-92
- Burns, John P., "The People's Republic of China at 50: National Political Reform", *China Quarterly*, 1999, pp.580-594
- Buszynski, Leszek, "ASEAN Security Dilemmas", *Survival* 34(4), 1992/93, pp.90-107
- Buszynski, Leszek, "China and the ASEAN Region", in Stuart Harris and Gary Klintworth (eds.), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), pp.161-184
- Buszynski, Leszek, "Post-Cold War Security in the ASEAN Region" in Gary Klintworth (ed.), *Asia-Pacific Security: Less Uncertainty, New Opportunities?* (New York: St. Martin's Press, 1996), pp.120-131
- Buzan, Barry, "A Sea of Troubles?: Sources of Dispute in the New Ocean Regime", *Adelphi Paper* 143, 1978
- , "Economic Structure and International Security: The Limits of the Liberal Case", *International Organization* 38(4), 1984, pp.597-624
- , "Is International Security Possible?", in Ken Booth (ed), *New Thinking About Strategy and International Security* (London: HarperCollins, 1991), pp.31-55
- , "The Southeast Asian Security Complex", *Contemporary Southeast Asia* 10(1), 1988, pp.1-16, 1988
- , "New Patterns of Global Security in the Twenty-first Century", *International Affairs* 67(3), 1991, pp.431-451
- , *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, 2nd ed. (NY: Harvester Wheatsheaf, 1991)
- , "From International System to International Society: Structural Realism and Regime Theory Meet the English School", *International Organization* 47(3), 1993, pp.327-352
- , "Post-Cold War Asia-Pacific Security Order: Conflict or Cooperation?", in Andrew Mack and John Ravenhill (eds.), *Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region* (St. Leonards, Australia: Allen and Unwin, 1994), pp.131-151
- , "The Level of Analysis Problem in International Relations Reconsidered", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.198-216
- Buzan, Barry, Charles Jones and Richard Little, *The Logic of Anarchy: Neorealism to Structural Realism* (New York: Columbia University Press, 1993)
- Buzan, Barry and Gerald Segal, "Rethinking East Asian Security", *Survival* 36(2), 1994, pp.3-21
- Carpenter, Ted Galen, "Roiling Asia: US Coziness with China Upsets the Neighbors", *Foreign Affairs* 77(6), 1998, pp.2-6
- Carr, Edward Hallett, *The Twenty Years' Crisis 1919-1939: An Introduction of Study of International Relations* (London: Macmillan, 1939)

Bibliography

- Cashman, Greg, *What Causes War?: An Introduction to Theories of International Conflict* (San Francisco: Lexington Books, 1993)
- De Castro, Renato, "Changes in US Post-Cold War Hegemony: The Case of the East Asian-Pacific Region", *Aussenpolitik* 46(2), 1995, pp.168-175
- , "The Controversy in the Spratlys: Exploring the Limits to ASEAN's Engagement Policy", *Issues & Studies* 34(9), 1998, pp.95-123
- Chan, Steve, "Chinese Conflict Calculus and Behavior: Assessment from a Perspective of Conflict Management", *World Politics* 30(3), 1978, pp.391-410
- , "Mirror, Mirror on the Wall...: Are the Freer Countries More Pacific?", *Journal of Conflict Resolution* 28(4), 1984, pp.617-648
- Chang, Felix K., "Beijing's Reach in the South China Sea", *Orbis* 40(3), 1996, pp.353-374
- , "Chinese Energy and Asian Security", *Orbis* 45(2), 2001, pp.211-240
- Chang, Pao-Min, "A New Scramble for the South China Sea Islands", *Contemporary Southeast Asia* 12(1), 1990, pp.20-39
- , "Vietnam and China: New Opportunities and New Challenges", *Contemporary Southeast Asia* 19(2), 1997, pp.136-151
- Chang, Ya-chün, "Peking-Moscow Relations in the Post-Soviet Era", *Issues & Studies* 30(1), 1994, pp.83-99
- Chayes, Abram and Antonia Handler Chayes, "On Compliance", *International Organization* 47(2), 1993, pp.175-205
- Cheeseman, Graeme, "Asian-Pacific Security Discourse in the Wake of the Asian Economic Crisis", *Pacific Review* 12(3), 1999, pp.333-356
- Chen Jian, "China's Involvement in the Vietnam War, 1964-69", *China Quarterly* 142, 1995, pp.356-387
- Chen Jie, "China's Spratly Policy: With Special Reference to the Philippines and Malaysia", *Asian Survey* 34(10), 1994, pp.893-903
- , "Shaking Off an Historical Burden: China's Relations with the ASEAN-based Communist Insurgency in Deng's Era", *Communist and Post-communist Studies* 27(4), 1994, pp.443-462
- Cheng, Joseph Y.S., "China's ASEAN Policy in the 1990s: Pushing for Regional Multipolarity", *Contemporary Southeast Asia* 21(2), 1999, pp.176-204
- Cheng, Tun-jen, "APEC and the Asian Financial Crisis: A Lost Opportunity for Institution-Building?", *Asian Journal of Political Science* 6(2), 1998, pp.21-32
- Chia Siow-Yue, "ASEAN-China Trade in Manufactured Goods", in Chia Siow-Yue and Chang Bifang, *ASEAN-China Economic Relations: Trends and Patterns* (Singapore: Institute of Southeast Asian Studies, 1987), pp.89-125
- Chi-Kin Lo, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands* (London and New York: Routledge, 1989)
- Choon-Ho Park, "The South China Sea Disputes: Who Owns the Islands and the Natural Resources?", *Ocean Development and International Law Journal* 5(1), 1978, pp.27-59
- Chou, Yu-san, "Nationalism and Patriotism in China", *Issues & Studies* 32(11), 1996, pp.67-86
- Chow, Larry Chuen-ho, "The Changing Role of Oil in Chinese Exports, 1974-89", *China Quarterly* 131, 1992, pp.750-765
- Christensen, Cheryl, "Structural Power and National Security", in Klaus Knorr and Frank N. Trager (ed), *Economic Issues and National Security* (Lawrence, Kansas: Allen, 1977), pp.127-159
- Christensen, Thomas J., "Chinese Realpolitik", *Foreign Affairs* 75(5), 1996, pp.37-52
- , "China, The U.S.-Japan Alliance, and the Security Dilemma in East Asia", *International Security* 23 (4), 1999, pp.49-80

Bibliography

- Christoffersen, Gaye, "China and the Asia-Pacific: Need for a Grand Strategy", *Asian Survey* 36(11), 1996, pp.1067-1085
- Chu Shulong, "National Unity, Sovereignty and Territorial Integrity", *China Journal* 36, 1996, pp.98-102
- Claude, Inis L., Jr., "The Balance of Power Revisited", *Review of International Studies* 15(2), 1989, pp.77-85
- Cooper, Richard, *Economics of Interdependence: Economic Policy in the Atlantic Community* (New York: McGraw-Hill, 1968)
- Copeland, Dale C., "Economic Interdependence and War: A theory of Trade Expectations", *International Security* 20(4), 1996, pp.5-41
- Coulombis, Theodore A. and James H. Wolfe, *Introduction to International Relations: Power and Justice*, 2nd ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1982)
- Cossa, Ralph A., "The PRC's National Security Objectives in the Post-Cold War Era and the Role of the PLA", *Issues & Studies* 30(9), 1994, pp.1-28
- Cossa, Ralph A. and Jane Khanna, "East Asia: Economic Interdependence and Regional Security", *International Affairs* 73(2), 1997, pp.219-234
- Cox, Robert W., "Social Forces, States and World Orders: Beyond International Relations Theory", in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Columbia University Press, 1986), pp.204-254
- Crawford, Beverly, "The New Security Dilemma Under International Economic Interdependence", *Millennium* 23(1), 1994, pp.25-55
- de Crespigny, Rafe, "Tradition and Chinese Foreign Policy", in Stuart Harris and Gary Klintworth (eds), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), pp.28-45
- Dahl, Robert, "The Concept of Power", *Behavioral Science* 2, 1957, pp.201-215
- Denoon, David B.H. and Wendy Frieman, "China's Security Strategy: The View from Beijing, ASEAN, and Washington", *Asian Survey* 36(4), 1996, pp.422-439
- Deutsch, Karl W., and J. David Singer, "Multipolar Power Systems and International Stability", *World Politics* 16(3), 1964, pp.390-406
- Devetak, Richard, "Critical Theory", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.145-178;
- , "Postmodernism", in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), p.179-209
- Diamond, Larry and Ramon H. Myers, "Introduction: Elections and Democracy in Greater China", *China Quarterly* 162, 2000, pp.365-386
- Dibb, Paul, "Towards a New Balance of Power in Asia", *Adelphi Paper* 295, 1995
- Dibb, Paul, David D. Hale and Peter Prince, "The Strategic Implications of Asia's Economic Crisis", *Survival* 40(2), 1998, pp.5-26
- Ding, Arthur S., "The PRC's Military Modernization and a Security Mechanism for the Asia-Pacific", *Issues & Studies* 31(8), 1995, pp.1-18
- Dittmer, Lowell, "Political Culture and Political Symbolism: Toward a theoretical Synthesis", *World Politics* 29(4), 1977, pp.552-583
- Dong Dong Zhang, "Negotiating for a Liberal Economic Regime: The Case of Japanese FDI in China", *Pacific Review* 11(1), 1998, pp.51-78
- Dorussen, Han, "Balance of Power Revisited: A Multi-Country Model of Trade and Conflict", *Journal of Peace Research* 36(4), 1999, pp.443-462

Bibliography

- Doyle, Michael W., "Kant, Liberal Legacies, and Foreign Affairs, Part 1", *Philosophy and Public Affairs* 12(3), 1983, pp.205-235
- , "Liberalism and World Politics", *American Political Science Review* 80(4), 1986, pp.1151-1169
- , "Politics and Grand Strategy", in Richard Rosecrance and Arthur A. Stein, *The Domestic Bases of Grand Strategy* (Ithaca and London: Cornell University Press, 1993), pp.22-47
- , "Liberalism and World Politics Revisited", in Charles W. Kegley, Jr. (ed.), *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (NY: St. Martin's Press, 1995), pp.83-106
- Dreyer, June Teufel, *China's Political System: Modernization and Tradition*, Third edition, revised and updated (London: Macmillan, 2000)
- Duffield, John S., "Political Culture and State Behavior: Why Germany Confounds Neorealism", *International Organization* 53(4), 1999, pp.765-803
- Dunne, Timothy, "Realism", in John Baylis and Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford University Press, 1997), pp.109-124
- , "Liberalism", in John Baylis and Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford University Press, 1997), pp.147-163
- Dzurek, Daniel J., "The Spratly Islands Dispute: Who's on First?", *Maritime Briefing* 2(1), 1996, pp.1-67
- Eikenberry, Karl W., "Does China Threaten Asia-Pacific Regional Stability?", *Parameters* 25(1), 1995, pp.82-103
- Elkins, David J. and Richard E.B. Simeon, "A Cause in Search of Its Effect, or What Does Political Culture Explain?", *Comparative Politics* 11(2), 1979, pp.127-145
- Emmet, Dorothy, "The Concept of Power", John R. Champlin (ed.), *Power* (New York: Atherton Press, 1971), pp.78-103
- Farber, Henry S. and Joanne Gowa, "Politics and Peace", *International Security* 20(2), 1995, pp.123-146
- Faust, John R. and Judith F. Kornberg, *China in World Politics* (Boulder: Lynne Rienner, 1995), chapters 1-3, and 5
- Feeney, William R., "China and the Multilateral Economic Institutions", in Samuel S. Kim (ed), *China and the World: China's Foreign Relations in the Post-Cold War era*, 3rd ed. (Boulder: Westview Press, 1994), pp.226-251
- Feigenbaum, Evan A., "China's Military Posture and the New Economic Geopolitics", *Survival* 41(2), 1999, pp.71-87
- Fewsmith, Joseph, "Neoconservatism and the End of the Dengist Era", *Asian Survey* 35(7), 1995, pp.635-651
- Findley, Christopher, "China and Regional Economy", in Stuart Harris and Gary Klintworth (eds), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), pp.284-305
- Findlay, Christopher and Andrew Watson, "Economic Growth and Trade Dependency in China", in David S.G. Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), pp.107-133
- Fitzgerald, John, "China and the Quest for Dignity", *National Interest* 55, 1999, pp.47-59
- Frankel, Benjamin, "Restating the Realist Case: An Introduction", *Security Studies* 5(3), 1996, pp.ix-xx
- Friedberg, Aaron L., "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia", *International Security* 18(3), 1993/94, pp.5-33
- Friedman, Edward, "Anti-Imperialism in Chinese Foreign Policy", in Samuel S. Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd ed. (Boulder: Westview Press, 1994), pp.60-74

Bibliography

- Fukuyama, Francis, *The End of History and the Last Man* (London: Penguin Books, 1992)
- Furtado, Xavier, "International Law and the Dispute over the Spratly Islands: Whither UNCLOS?", *Contemporary Southeast Asia* 21(3), 1999, pp.386-404
- Gaddis, John Lewis, "International Relations Theory and the End of the Cold War", *International Security* 17(3), 1992/93, pp.5-58
- Gallagher, Michael G., "China's Illusory Threat to the South China Sea", *International Security* 19(1), pp.169-194
- Gallarotti, Giulio M., "The Limits of International Organization: Systematic Failure in the Management of International Relations", *International Organization* 45(2), 1991, pp.183-220
- Garnett, John, "Introduction", in John Garnett (ed.), *Theories of Peace and Security: A Reader in Contemporary Strategic Thought* (London: Macmillan St. Martin's Press, 1970), pp.13-38
- Garret, Banning and Bonnie Glaser, "Multilateral Security in the Asia-Pacific Region and its Impact on Chinese Interests: Views from Beijing", *Contemporary Southeast Asia* 16(1), 1994, pp.14-34
- Garver, John W., "China's Push Through the South China Sea: The Interaction of Bureaucratic and National Interests", *China Quarterly* 132, 1992, pp.999-1028
- Gasiorowski, Mark and Solomon W. Polachek, "Conflict and Interdependence: East-West Trade and Linkage in the Era of Detente", *Journal of Conflict Resolution* 26(4), 1982, pp.709-729
- Gates, Scott, Torbjørn L. Knutsen and Jonathon W. Moses, "Democracy and Peace: A More Skeptical View", *Journal of Peace Research* 33(1), 1996, pp.1-10
- Gelber, Harry G., "China's New Economic and Strategic Uncertainties and the Security Prospects", *Asian Survey* 30(7), 1990, pp.646-668
- Gill, Bates and Michael O'Hanlon, "China's Hollow Military", *National Interest* 56, 1999, pp.55-62
- , "China's Military, Take 3", *National Interest* 58, 1999/2000, pp.117-119
- Gilpin, Robert, "The Politics of Transnational Economic Relations", *International Organization* 25, 1971, pp.398-419
- , "Economic Interdependence and National Security in Historical Perspective", in Klaus Knorr and Frank N. Trager (eds.), *Economic Issues and National Security* (Laurence, Kansas: Allen, 1977), pp.19-66
- , *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981)
- , "The Richness of the Tradition of Political Realism", in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), pp.301-321
- , "No One Loves A Political Realist", *Security Studies* 5(3), 1996, pp.3-26
- Glaser, Bonnie S., "China's Security Perceptions: Interests and Ambitions", *Asian Survey* 33(3), 1993, pp.252-271
- Glaser, Charles L., "Realists as Optimists: Cooperation as Self-help", *Security Studies* 5(3), 1996, pp.122-163
- Gleditsch, Nils Petter, "Democracy and Peace", *Journal of Peace Research* 29(4), 1992, pp.369-376
- Godwin, Paul H.B., "Changing Concepts of Doctrine, Strategy and Operations in the Chinese People's Liberal Army 1978-87", *China Quarterly* 112, 1987, pp.572-590
- , "Chinese Military Strategy Revised: Local and Limited War", *Annals of the American Academy of Political and Social Science* 519, 1992, pp.191-201
- Goodman, David, "The Domestic Political Environment", in Stuart Haris and Gary Klintworth (eds), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), pp.342-356
- Gourevitch, Peter, "The Second Image Reversed: The International Sources of Domestic Politics", *International Organization* 32(4), 1978, pp.881-913

Bibliography

- Gowa, Joanne, "Bipolarity, Multipolarity, and Free Trade", *American Political Science Review* 83, 1989, pp.1245-1256
- Gowa, Joanne and Edward D. Mansfield, "Power Politics and International Trade", *American Political Science Review* 87(2), 1993, pp.408-420
- Gray, Colin S., "Strategic Culture as Context: The First Generation of Theory Strikes Back", *Review of International Studies* 25, 1999, pp.49-69
- Grieco, Joseph M., "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", *International Organization* 42(3), 1988, pp.485-507
- Guocang Huan, "China's Foreign Economic Relations", *Annals of the American Academy of Political and Social Science* 519, 1992, pp.176-190
- Gurtov, Melvin and Byong-Moo Hwang, *China under Threat: The Politics of Strategy and Diplomacy* (Baltimore and London: Johns Hopkins University Press, 1971)
- Gurtov, Mel and Byong-Moo Hwang, *China's Security: The New Roles of the Military* (Boulder and London: Lynne Rienner Publishers, 1998)
- Guzzini, Stefano, "Structural Power: The Limits of Neorealist Power Analysis", *International Organization* 47(3), 1993, pp.443-478
- Haas, Ernst B., "The Balance of Power : Prescription, Concept, or Propaganda?", *World Politics* 5(4), 1953, pp.442-477
- , "Why Collaborate? Issue-Linkage and International Regimes", *World Politics* 32(3), 1980, pp.357-405
- , "Words Can Hurt You: Or Who Said What to Whom about Regimes", in Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.23-59
- Halperin, Morton H., *Bureaucratic Politics and Foreign Policy* (Washington D.C.: Brookings Institution, 1974)
- Harding, Harry, "China's American Dilemma", *Annals of the American Academy of Political and Social Science* 519, 1992, pp.12-25
- Harding, Harry, "A Chinese Colossus?", *Journal of Strategic Studies* 18(3), 1995, pp.104-122
- Harris, Stuart, "The Economic Aspects of Security in Asia/Pacific Region", *Journal of Strategic Studies* 18(3), 1995, pp.32-51
- , "China's Role in the WTO and APEC", in David S.G. Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), pp.134-155
- Harrison, Selig S., *China, Oil, and Asia: Conflict Ahead?* (New York: Columbia University Press, 1977)
- bin Hassan, Mohamed Jawhar, "Southeast Asia and the Major Powers", *Pacific Review* 8(3), 1995, pp.508-517
- Hawthorn, Geoffrey, "Liberalism Since the Cold War: An Enemy to Itself?", *Review of International Studies* 23, 1999, pp.145-160
- Hearns, Glen S. and William G. Stormont, "Report: Managing Potential Conflicts in the South China Sea", *Marine Policy* 20(2), 1996, pp.177-181
- Henkin, Louis, *How Nations Behave: Law and Foreign Policy* (London: Pall Mall, 1968)
- Hermann, Margaret G., "Ingredients of Leadership", in Margaret G. Hermann, *Political Psychology* (San Francisco and London: Jossey-Bass Publishers, 1986), pp.167-192
- Herschede, Fred, "Trade between China and ASEAN: The Impact of the Pacific Rim Era". *Pacific Affairs* 64(2), 1991, pp.179-193
- Hill, Hal, "An Overview of the Issues", *ASEAN Economic Bulletin* 15(3), 1998, pp.261-271
- Hirsch, Seev, "Peace Making and Economic Interdependence", *World Economy* 4(4), 1981, pp.407-417
- Hobbes, Thomas, "Of Power", in John R. Champlin (ed.), *Power* (New York: Atherton Press, 1971), pp.69-77

Bibliography

- Howard, Michael, "Military Power and International Order", in John Garnett (ed.), *Theories of Peace and Security: A Reader in Contemporary Strategic Thought* (London: Macmillan St. Martin's Press, 1970), pp.41-49
- Howe, Christopher, "China, Japan and Economic Interdependence in the Asia Pacific Region", *China Quarterly* 124, 1990, pp.662-693
- Hsu, Chih-Chia, "Foreign Policy Decision-Making Process in Deng's China: Three Patterns for Analysis", *Asian Perspective* 23(2), 1999, pp.197-223
- Hungdai Chiu and Choon-Ho Park, "Legal Status of the Paracel and Spratly Islands", *Ocean Development and International Law Journal* 3(1), 1975, pp.1-28
- Huntington, Samuel P., "The Lonely Superpower", *Foreign Affairs* 78(2), 1999, pp.35-49
- Huxley, Tim, "ASEAN's Prospective Security Role: Moving Beyond the Indochina Fixation", *Contemporary Southeast Asia* 9(3), 1987, pp.194-207
- , "Southeast Asia in the Study of International Relations: The Rise and Decline of a Region", *Pacific Review* 9(2), 1996, pp.199-228
- , "A Threat in the South China Sea?", *Security Dialogue* 29(1), 1998, pp.113-118
- Hwang Byong-moo, "Changing Military Doctrines of the PRC: The Interaction Between the People's War and Technology", *Journal of East Asian Affairs* 11(1), 1997, pp.221-266
- Hyer, Eric, "The South China Sea Disputes: Implications of China's Earlier Territorial Settlements", *Pacific Affairs* 68(1), 1995, pp.34-54
- Ikenberry, G. John, "Getting Hegemony Right", *National Interest* 63, 2001, pp.17-24
- Jacobson, Harold K. and Michel Oksenberg, *China's Participation in the IMF, the World Bank, and GATT* (Ann Arbor: University of Michigan Press, 1990), chapter 4
- Jaffe, Amy Myers and Robert A. Manning, "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy", *Survival* 40(4), 1998-99, pp.112-131
- Jencks, Harlan W., "Civil-Military Relations in China: Tiananmen and After", *Problems of Communism* 40 (May-June), 1991, pp.14-29
- , "The PRC's Military and Security Policy in the Post-Cold War Era", *Issues & Studies* 30(11), 1994, pp.65-103
- Jepperson, Ronald L, Alexander Wendt, Peter Katzenstein, "Norms, Identity, and Culture in National Security", in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), pp.33-75
- Jervis, Robert, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976)
- , "Cooperation Under the Security Dilemma", *World Politics* 30(1), 1978, pp.167-214
- , "Security Regimes", *International Organization* 36(2), 1982, pp.357-378
- , "Realism, Game Theory, and Cooperation", *World Politics* 40, 1988, pp.317-349
- , "War and Misperception", in Robert I. Rotberg and Theodore K. Rabb, *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), pp.101-126
- , "A Political Science Perspective on the Balance of Power and the Concert", *American Historical Review* 97(3), 1992, pp.716-724
- , "Realism, Neoliberalism, and Cooperation: Understanding the Debate", *International Security* 24(1), 1999, pp.42-63
- Ji, Guoxing, "Energy Security Cooperation in the Asia Pacific", *Korean Journal of Defense Analysis* 8(2), 1996, pp.269-295
- , "China Versus South China Sea Security", *Security Dialogue* 29(1), 1998, pp.101-112
- Joffe, Ellis, "“People's War under Modern Conditions”: A Doctrine for Modern War", *China Quarterly* 112, 1987, pp.555-571

- , “The PLA and the Chinese Economy: The Effect of Involvement”, *Survival* 37(2), 1995, pp.24-43
- , “The PLA and the Economy: The Effect of Involvement”, in Gerald Segal and Righard H. Yang (eds.), *Chinese Economic Reform: The Impact on Security* (London and New York: Routledge, 1996), pp.11-34
- , “Ruling China after Deng”, *Journal of East Asian Affairs* 11(1), 1997, pp.183-220
- Johnston, Alastair Iain, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton: Princeton University Press, 1995)
- , “Thinking about Strategic Culture”, *International Security* 19(4), 1995, pp.32-64
- , “Cultural Realism and Strategy in Maoist China”, in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), pp.216-268
- , “China’s Militarized Interstate Dispute Behaviour 1949-92: A First Cut at the Data”, *China Quarterly* 153, 1998, pp.1-30
- Kapstein, Ethan B., “Is Realism Dead?: The Domestic Sources of International Politics”, *International Organization* 49(4), 1995, pp.751-774
- Katchen, Martin H., “The Spratly Islands and the Law of the Sea: “Dangerous Ground” for Asian Peace”, *Asian Survey* 17(12), 1977, pp.1167-1181
- Katzenstein, Peter J., “Intentional Interdependence: Some Long-Term Trends and Recent Changes”, *International Organization* 29(4), 1975, pp.1021-1034
- , “Introduction: Alternative Perspective on National Security”, in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), pp.1-32
- Katzenstein, Peter J., Robert O. Keohane and Stephen D. Krasner, “*International Organization and the Study of World Politics*”, *International Organization* 52(4), 1998, pp.645-685
- Keesing, Roger M., “Theories of Culture”, *Annual Review of Anthropology* 3, 1974, pp.73-97
- Kegley, Charles W., Jr., “The Neoliberal Challenge to Realist Theories of World Politics: An Introduction”, in Charles W. Kegley, Jr. (ed), *Controversies in International Relations Theory: Realism and the Neoliberal Challenges* (New York: St. Martin’s Press, 1995), pp.1-24
- Kegley, Charles W., Jr. And Gregory Raymond, *Multipolar Peace?: Great power Politics in the Twenty-first Century* (New York: St. Martin’s Press, 1994), chapter 1
- Kegley, Charles W., Jr. and Margaret G. Hermann, “How Democracies Use Intervention: A Neglected Dimension in Studies of the Democratic Peace”, *Journal of Peace Research* 33(3), 1996, pp.309-322
- Kennedy, Paul, *Rise and Fall of the Great Powers* (New York: Vintage Books, 1987)
- Kenny, Henry J., “The South China Sea: The Dangerous Ground”, *Naval War College Review* 49(3), 1996, pp.96-108
- Keohane, Robert O., *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984)
- , “The Demand for International Regimes”, in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.141-171
- , “Realism, Neorealism and the Study of World Politics”, in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), pp.1-26
- , *International Institutions and State Power: Essays in International Relations Theory* (Boulder: Westview Press, 1989), chapters 1 and 7
- Keohane, Robert O. and Joseph S. Nye, “Transgovernmental Relations and International Organizations”, *World Politics* 27(1), 1974, pp.39-62
- , *Power and Interdependence*, 2nd ed. (London: HarperCollins, 1989)

Bibliography

- , “Power and Interdependence in the Information Age”, *Foreign Affairs* 77(5), 1998, pp.81-94
- Keohane, Robert O. and Lisa L. Martin, “The Promise of Institutional Theory”, *International Security* 20(1), 1995, pp.39-51
- Khanna, R.P., “Impact of China’s Ambitions to Be a Regional Naval Superpower”, *Asian Defence Journal*, August 1999, pp.6-9
- Kikkawa, Mototada, *Maneh Haisen* [Losing in Money War] (Tokyo: Bungei Shunjuu, 1998) Japanese language
- Kim, Samuel S., *China In and Out of the Changing World Order*, Center of International Studies. World Order Studies Program Occasional Paper No.21 (Princeton: Princeton University Press, 1991)
- , “International Organizations in Chinese Foreign Policy”, *Annals of the American Academy of Political and Social Science* 519, 1992, pp.140-157
- , “China and the World in Theory and Practice”, in Samuel S. Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd ed. (Boulder: Westview Press, 1994), pp.3-41
- , *China in the World Economy* (Washington D.C.: Institute for International Economics, 1994)
- , “Mainland China in a Changing Asia-Pacific Regional Order”, *Issues & Studies* 30(10), 1994, pp.1-48
- , “China in the Post-Cold War World”, in Stuart Haris and Gary Klintworth (eds), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin’s Press, 1995), pp.46-64
- , “China and the United Nations”, in Elizabeth Economy and Michel Oksenberg, *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999), pp.42-89
- Kim, Shee Poon, “The South China Sea in China’s Strategic Thinking”, *Contemporary Southeast Asia* 19(4), 1998, pp.369-387
- Kim, Taeho, “The Chinese PLA After Deng: Politics, Policy Process and Power Projection”, *Korea and World Affairs* 21(3), 1997, pp.393-423
- , “A Reality Check: The “Rise of China” and Its Military Capability Toward 2010”, *Journal of East Asian Affairs* 12(2), 1998, pp.321-363
- Kim, Woosang, “Power Transitions and Great Power War from Westphalia to Waterloo”, *World Politics* 45(1), 1992, pp.153-172
- Kim, Woosang and Bruce Bueno de Mesquita, “How Perceptions Influence the Risk of War”, *International Studies Quarterly* 39, 1995, pp.51-65
- Kindleberger, Charles P., *Power and Money: The Economics of International Politics and the Politics of International Economics* (London: Macmillan, 1970), Chapter 4
- Klinghoffer, Arthur Jay, “Sino-Soviet Relations and the Politics of Oil”, *Asian Survey* 16(6), 1976, pp.540-552
- Knorr, Klaus, “The International Purposes of Military Power”, in John Garnett (ed.), *Theories of Peace and Security: A Reader in Contemporary Strategic Thought* (London: Macmillan St. Martin’s Press, 1970), pp.50-63
- , *Power and Wealth: The Political Economy of International Power* (London: Macmillan, 1973)
- , *The Power of Nations: The Political Economy of International Relations* (New York: Basic Books, 1975)
- , “Economic Interdependence and Security”, in Klaus Knorr and Frank N. John R. (eds.), *Economic Issues and National Security* (Lawrence, Kansas: Allen, 1977), pp.1-18
- , “International Economic Leverage and its Uses”, in Klaus Knorr and Frank N. John R. (eds.), *Economic Issues and National Security* (Lawrence, Kansas: Allen, 1977), pp.99-126
- , “Military Strength: Economic and Non-Economic Bases”, in Klaus Knorr and Frank N. John R. (eds.), *Economic Issues and National Security* (Lawrence, Kansas: Allen, 1977), pp.183-199

Bibliography

- Kowert, Paul and Jeffrey Legro, "Norms, Identity, and Their Limits: A Theoretical Reprise", in Peter J. Katzenstein (ed), *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), pp.451-497
- Krasner, Stephen D., "Are Bureaucracies Important? (Or Allison Wonderland)", *Foreign Policy* 7, 1972, pp.159-179
- , "State Power and the Structure of International Trade", *World Politics* 28(3), 1976, pp.317-347
- , "Structural Causes and Regime Consequences: Regime as Intervening Variables". in Stephen D. Krasner(ed.), *International Regimes* (Ithaca: Cornell University Press, 1983), pp.1-21
- , "Regimes and the Limits of Realism: Regimes as Autonomous Variables". Stephen D. Krasner(ed.), *International Regimes* (Ithaca: Cornell University Press, 1983), pp.355-368
- Krauthammer, Charles, "The Unipolar Moment", *Foreign Affairs* 70(1), 1990/91, pp.23-33
- Kristof, Nicholas D., "The Rise of China", *Foreign Affairs* 72(5), 1993, pp.59-74
- Kupchan, Charles A., "After Pax Americana: Benign Power, Regional Integration and the Sources of a Stable Multipolarity", *International Security* 23(2), 1998, pp.40-79
- Lake, David A., "Powerful Pacifists: Democratic States and War", *American Political Science Review* 86(1), 1992, pp.24-37
- Lardy, Nicholas R., *China in the World Economy* (Washington D.C.: Institute for International Economics, 1994), chapters 1-3
- , "The Role of Foreign Trade and Investment in China's Economic Transformation", *China Quarterly* 144, 1995, pp.1065-1082
- Lawrence, Alan, *China under Communism* (London and New York: Routledge, 1998)
- Layne, Christopher, "The Unipolar Illusion: Why New Great Powers Will Rise", *International Security* 17(4), 1993, pp.5-51
- , "Kant or Cant: The Myth of the Democratic Peace", *International Security* 19(2), 1994, pp.5-49
- Lee Lai To, "ASEAN-PRC Political and Security Cooperation: Problems, Proposals and Prospects", *Asian Survey* 33(11), 1993, pp.1095-1104
- , "ASEAN and the South China Sea Conflicts", *Pacific Review* 8(3), 1995, pp.531-543
- , "East Asian Assessments of China's Security Policy", *International Affairs* 73(2), 1997, pp.251-262
- , *China and the South China Sea Dialogues* (Westport, Connecticut and London: Praeger, 1999)
- , "The South China Sea: China and Multilateral Dialogues", *Security Dialogue* 30(2), 1999, pp.165-178
- Leifer, Michael, "Chinese Economic Reform and Security Policy: The South China Sea Connection", *Survival* 37(2), 1995, pp.44-59
- , "The ASEAN Regional Forum: Expanding ASEAN's Model of Regional Security", *Adelphi Paper* 302, 1996
- , "Chinese Economic Reform: The Impact on Policy in the South China Sea", in Gerald Segal and Richard H. Yang (eds.), *Chinese Economic Reform: The Impact on Security* (London and New York: Routledge, 1996), pp.141-157
- , "China in Southeast Asia: Interdependence and Accommodation", in David S.G. Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), pp.156-171
- Levine, Steven, "Second Chance in China: Sino-Soviet Relations in the 1990s", *Annals of the American Academy of Political and Social Science* 519, 1992, pp.26-38
- Levy, Jack S., "Misperception and the Causes of War: Theoretical Linkage and Analytical Problem", *World Politics* 36(1), 1983, pp.76-99
- , "Theories of General War", *World Politics* 37(3), 1985, pp.344-374

Bibliography

- , “Declining Power and the Preventive Motivation for War”, *World Politics* 40(1), 1987, pp.82-107
- , “Domestic Politics and War”, in Robert I. Rotberg and Theodore K. Rabb, *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), pp.79-99
- Lewis, John Wilson and Xue Litai, *China Builds the Bomb* (Stanford: Stanford University Press, 1988)
- Li Cheng, “Jiang Zemin’s Successors: The Rise of the Fourth Generation of Leaders in the PRC”, *China Quarterly* 161, 2000, pp.1-40
- Liberthal Kenneth, and Michel Oksenberg, *Policy Making in China: Leaders, Structures and Processes* (Princeton, NJ: Princeton UP, 1988), chapters 1,2 and 4
- Lilley, James and Carl Ford, “China’s Military: A Second Opinion”, *National Interest* 57, 1999, pp.71-77
- Lim, Robyn, “The ASEAN Regional Forum: Building on Sand”, *Contemporary Southeast Asia* 20 (2), 1998, pp.115-136
- Lin, Chong-Pin, “Chinese Military Modernization: Perceptions, Progress, and Prospects”, *Security Studies* 3(4), 1994, pp.718-754
- Lincoln, Edward J., “Japan’s Financial Mess”, *Foreign Affairs* 77(3), 1998, pp.57-66
- Linklater, Andrew, *Beyond Realism and Marxism* (London : Macmillan, 1990)
- , “Neo-realism in Theory and Practice”, in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.241-262
- , “Rationalism”, in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.93-118
- Lipson, Charles, “International Cooperation in Economic and Security Affairs”, *World Politics* 37(1), 1984, pp.1-23
- Little, Richard, “Deconstructing the Balance of Power: Two Traditions of Thought”, *Review of International Studies* 15(2), 1989, pp.87-100
- Long, Simon, “The Tree That Wants to Be Still: The Chinese Response to Foreign Pressure Since June 1989”, *Pacific Review* 5(2), 1992, pp.156-161
- Low, Linda, “The East Asian Economic Grouping”, *Pacific Review* 4(4), 1991, pp.375-382
- Lu Ning, *Flashpoint Spratlys!* (Singapore: Dolphin Books, 1995)
- Ma, Stephen K., “Chinese Bureaucracy and Post-Mao Reforms”, *Asian Survey* 30(11), 1990, pp.1038-1052
- Macmillan, Alan, Ken Booth and Russell Trood, “Strategic Culture”, in Ken Booth and Russell Trood (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999), pp.3-26
- Majeski, Stephen J.and Shane Fricks, “Conflict and Cooperation in International Relations”, *Journal of Conflict Resolution* 39(4), 1995, pp.622-645
- Mak, J.N. and B.A. Hamzah, “The External Maritime Dimension of ASEAN Security”, *Journal of Strategic Studies* 18(3), 1995, pp.123-146
- Mandel, Robert, “Psychological Approaches to International Relations”, in Margaret G. Hermann, *Political Psychology* (San Francisco and London: Jossey-Bass Publishers, 1986), pp.251-278
- Mansfield, Edward D. and Jack Snyder, “Democratization and the Danger of War”, *International Security* 20(1), 1995, pp.5-38
- Mao Tse-tung, *A Single Spark Can Start A Prairie Fire* (Peking: Foreign Language Press, 1953)
- , *Problems of War and Strategy* (Peking: Foreign Language Press, 1954)
- , *Selected Works of Mao Tse-tung* (London: Laurence & Wishart, 1955), vols. 1 and 2
- , *Selected Works of Mao Tsetung*, vol.5 (Peking: Foreign Language Press, 1977)

Bibliography

- Maoz, Zeev, "The Controversy over the Democratic Peace: Rearguard Action or Cracks in the Wall?", *International Security* 22(1), 1997, pp.162-198
- Maoz, Zeev and Bruce Russett, "Normative and Structural Causes of Democratic Peace, 1946-1986", *American Political Science Review* 87(3), 1993, pp.624-638
- Martin, Lisa L. and Beth A. Simmons, "Theories and Empirical Studies of International Institutions", *International Organization* 52(4), 1998, pp.729-757
- Maslow, A.H., "A Theory of Human Motivation", *Psychological Review* 50(4), 1943, p.370-396
- Maull, Hanns W., "Reconciling China with International Order", *Pacific Review* 10(4), 1997, pp.466-479
- McClelland, Charles A., "Power and Influence", in John R. Champlin (ed.), *Power* (New York: Atherton Press, 1971), pp.35-65
- McInnes, Colin and Mark G. Rolls, "Post-Cold War Security in the Asia-Pacific Region: Trends and Issues", *Contemporary Security Policy* 15(2), 1994, pp.1-9
- Mearsheimer, John J., "Back to the Future: Instability in Europe after the Cold War", *International Security* 15(1), 1990, pp.5-56
- , "The False Promise of International Institutions", *International Security* 19(3), 1994/95, pp.5-49
- , "A Realist Reply", *International Security* 20(1), 1995, pp.82-93
- Michalak, Stanley J., Jr., "Theoretical Perspectives for Understanding International Interdependence", *World Politics* 32(1), 1979, pp.136-150
- Moon, Bruce E., *Dilemmas of International Trade* (Boulder: Westview Press, 1996)
- Moore, Thomas G. and Dixia Yang, "China, APEC and Economic Regionalism in the Asia-Pacific", *Journal of East Asian Affairs* 13(2), 1999, pp.361-411
- Morgenthau, Hans J., "Power as a Political Concept", in John R. Champlin (ed.), *Power* (New York: Atherton Press, 1971), pp.19-34
- , *Politics Among Nations: The Struggle for Power and Peace* (New York: Knopf, 1978)
- Morphet, Sally, "China as a Permanent Member of the Security Council: October 1971-December 1999", *Security Dialogue* 31(2), 2000, pp.151-166
- Morrow, James D., "How Could Trade Affect Conflict?", *Journal of Peace Research* 36(4), 1999, pp.481-489
- Morse, Edward L., "The Politics of Interdependence", *International Organization* 23(2), 1969, pp.311-326
- Mueller, John, "The Impact of Ideas on Grand Strategy", in Richard Rosecrance and Arthur A. Stein, *The Domestic Bases of Grand Strategy* (Ithaca and London: Cornell University Press, 1993), pp.48-62
- Munro, Ross H., "Eavesdropping on the Chinese Military: Where It Expects Wars -- Where It Doesn't", *Orbis* 38(3), 1994, pp.355-372
- Nan Li, "The PLA's Evolving Warfighting Doctrine, Strategy and Tactics, 1985-95: A Chinese Perspective", *China Quarterly* 146, 1996, pp.443-463
- Nathan, Andrew J. and Robert S. Ross, *The Great Wall and the Empty Fortress: China's Search for Security* (New York and London: W.W. Norton & Company, 1997)
- Nathan, K.S., "ASEAN and the Major Powers: Adjusting to New Power Realities towards the 21st Century", *Asian Journal of Political Science* 5(1), 1997, pp.102-117
- Nesadurai, Helen E.S., "APEC: A Tool for US Regional Domination?", *Pacific Review* 9(1), 1996, pp.31-57
- Nester, William, *International Relations: GeoPolitical and GeoEconomic Conflict and Cooperation* (New York: HarperCollins, 1995)
- Neustadt, Richard, *Presidential Power: The Politics of Leadership* (New York: Wilkey, 1960)

Bibliography

- Nishihara, Masashi, "China and East Asia", in Gerald Segal and Richard H. Yang (eds.), *Chinese Economic Reform: The Impact on Security* (London and New York: Routledge, 1996), pp.128-140
- Nye, Joseph S., Jr., "Introduction", in Robert I. Rotberg and Theodore K. Rabb, *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), pp.3-12
- , "Neorealism and Neoliberalism", *World Politics* 40(2), 1988, pp.235-251
- , "Old Wars and Future Wars: Causation and Prevention", in Robert I. Rotberg and Theodore K. Rabb (eds.), *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), pp.3-12
- , "Soft Power", *Foreign Policy* 80, 1997, pp.153-171
- , "China's Re-emergence and the Future of the Asia-Pacific", *Survival* 39(4), 1997/98, pp.65-79
- Nye, Joseph S., Jr. and Robert O. Keohane, "Transnational Relations and World Politics: An Introduction", *International Organization* 25, 1971, pp.329-349
- O'Brien, Kevin J. and Lianjiang Li, "Accommodating "Democracy" in a One-Party State: Introducing Village Elections in China", *China Quarterly* 162, 2000, pp.465-489
- Oksenberg, Michel, "China's Confident Nationalism", *Foreign Affairs* 65(3), 1987, pp.501-523
- , "The China Problem", *Foreign Affairs* 70(3), 1991, pp.1-16
- Oksenberg, Michel and Elizabeth Economy, "Introduction: China Joins the World", in Elizabeth Economy and Michel Oksenberg, *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999), pp.1-41
- Olson, Mancur, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Mass.: Harvard University Press, 1971)
- Oneal, John R., Frances H. Oneal, Zeev Maoz and Bruce Russett, "The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950-85", *Journal of Peace Research* 33(1), 1996, pp.11-28
- Oneal, John R. and Bruce M. Russett, "The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950-1985", *International Studies Quarterly* 41(2), 1997, pp.267-294
- , "Assessing the Liberal Peace with Alternative Specifications: Trade Still Reduces Conflict", *Journal of Peace Research* 36(4), 1999, pp.423-442
- Oren, Ido, "The Subjectivity of the "Democratic" Peace: Changing US Perceptions of Imperial Germany", *International Security* 20(2), 1995, pp.147-184
- Paik, Keun-Wook, "Energy Cooperation in Sino-Russian Relations: The Importance of Oil and Gas", *Pacific Review* 9(1), 1996, pp.77-95
- Paltiel, Jeremy T., "PLA Allegiance on Parade: Civil-Military Relations in Transition", *China Quarterly* 143, 1995, pp.784-800
- Papayouanou, Paul A., "Interdependence, Institutions, and the Balance of Power: Britain, Germany, and World War I", *International Security* 20(4), 1996, pp.42-76
- , "Economic Interdependence and the Balance of Power", *International Studies Quarterly* 41(1), 1997, pp.113-140
- Pastor, Robert A. and Qingshan Tan, "The Meaning of China's Village Elections", *China Quarterly* 162, 2000, pp.490-512
- Pfaff, William, "The Question of Hegemony", *Foreign Affairs* 80(1), 2001, pp.221-232
- Platte, Erika, "China's Foreign Debt", *Pacific Affairs* 66(4), 1993-94, pp.481-495
- Polachek, Solomon William, "Conflict and Trade", *Journal of Conflict Resolution* 24(1), 1980, pp.55-78
- Polachek, Solomon W., John Robst and Yuan-Ching Chang, "Liberalism and Interdependence: Extending the Trade-Conflict Model", *Journal of Peace Research* 36(4), 1999, pp.405-422
- Pollins, Brian M., "Does Trade Still Follow the Flag?", *American Political Science Review* 83(2), 1989, pp.465-480

Bibliography

- Powell, Robert, "Absolute and Relative Gains in International Relations Theory", *American Political Science Review* 85(4), 1991, pp.1303-1320
- , "Anarchy in International Relations Theory: The Neorealist-Neoliberal Debate", *International Organization* 48(2), 1994, pp.313-344
- Puchala, Donald J. and Raymond F. Hopkins, "International Regimes: Lessons from Inductive Analysis", in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.61-91
- Qimao Chen, "New Approaches in China's Foreign Policy: The Post-cold War Era", *Asian Survey* 33(2), 1993, pp.237-251
- Raknerud, Arvid and Håvard Hegre, "The Hazard of War: Reassessing the Evidence for the Democratic Peace", *Journal of Peace Research* 34(4), 1997, pp.385-404
- Rau, Robert, "Present and Future Maritime Security Issues in the Southeast Asian and South China Seas", *Contemporary Southeast Asia* 8(1), 1986, pp.37-55
- Reardon, Lawrence C., "Learning How to Open the Door: A Reassessment of China's "Opening" Strategy", *China Quarterly* 155, 1998, pp.479-511
- Reuveny, Rafael and Heejoon Kang, "Bilateral Trade and Political Conflict/Cooperation: Do Goods Matter?", *Journal of Peace Research* 35(5), 1998, pp.581-602
- Ripsman, Norrin M. and Jean-Marc F. Blanchard, "Commercial Liberalism Under Fire: Evidence from 1914 and 1936", *Security Studies* 6(2), 1996/97, pp.4-50
- Roberts, Chris, *Chinese Strategy and the Spratly Islands Dispute*, Australian National University, Strategic and Defence Studies Centre working paper No.293 (Canberra, 1996)
- Robinson, Thomas W., "Interdependence in China's Foreign Relations", in Samuel S. Kim (ed), *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd ed. (Boulder: Westview Press, 1994), pp.187-201
- Rosati, Jerel A., "Developing a Systematic Decision-Making Framework: Bureaucratic Politics in Perspective", *World Politics* 33(2), 1981, pp.234-252
- Rosecrance, Richard, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986)
- Rosecrance, Richard, Alan Alexandroff, Wallace Koehler, John Kroll, Shlomit Lacqueur and John Stocker, "Whither Interdependence?", *International Organization* 31(3), 1977, pp.425-471
- Rosecrance, Richard and Arthur A. Stein, *The Domestic Bases of Grand Strategy* (Ithaca and London: Cornell University Press, 1993)
- Rosecrance, Richard and Arthur Stein, "Interdependence: Myth or Reality?", *World Politics* 26(1), 1973, pp.1-27
- Ross, Robert S., "China's Strategic View of Southeast Asia: A Region in Transition", *Contemporary Southeast Asia* 12(2), 1990, pp.101-119
- , "China II. Beijing as a Conservative Power", *Foreign Affairs* 76(2), 1997, pp.33-44
- , "Why Our Hardliners Are Wrong", *National Interest* 49, 1997, pp.42-51
- , "The Geography of the Peace: East Asia in the Twenty-First Century", *International Security* 23(4), 1999, pp.81-118
- Roy, Denny, "Consequences of China's Economic Growth for Asia-Pacific Security", *Security Dialogue* 24(2), 1993, pp.181-191
- , "Hegemon on the Horizon?: China's Threat to East Asian Security", *International Security* 19(1), 1994, pp. 149-168
- , "The "China Threat" Issue: Major Arguments", *Asian Survey* 36(8), 1996, pp.758-771
- , "The Foreign Policy of Great-Power China", *Contemporary Southeast Asia* 19(2), 1997, pp.121-135

Bibliography

- , “Current Sino-U.S. Relations in Strategic Perspective”, *Contemporary Southeast Asia* 20(3), 1998, pp.225-240
- , *China's Foreign Relations* (Basingstoke: Macmillan, 1998)
- Ruggie, John Gerard, “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order”, in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.195-231
- , “The False Premise of Realism”, *International Security* 20(1), 1995, pp.62-70
- Rummel, Rudolph J., “Libertarianism and International Violence” *Journal of Conflict Resolution* 27(1), 1983, pp.27-71
- Russett, Bruce and William Antholis, “Do Democracies Fight Each Other? Evidence from the Peloponnesian War”, *Journal of Peace Research* 29(4), 1992, pp.415-434
- Salameh, Mandouh G., “China, Oil and the Risk of Regional Conflict”, *Survival* 37(4), 1995-96, pp.133-146
- Samuels, Marwyn S., *Contest for the South China Sea* (New York and London: Methuen, 1982)
- Sautman, Barry, “Sirens of the Strongman: Neo-Authoritarianism in Recent Chinese Political Theory”, *China Quarterly* 129, 1992, pp.72-102
- Schoenhals, Michael, “Political Movements, Change and Stability: The Chinese Communist Party in Power”, *China Quarterly*, 1999, pp.595-605
- Schram, Stuart R., *The Political Thought of Mao Tse-tung*, revised and enlarged edition (New York, Washington and London: Frederick A. Praeger Publishers, 1969)
- Schroeder, Paul W., “The Nineteenth Century System: Balance of Power or Political Equilibrium?”, *Review of International Studies* 15(2), 1989, pp.135-153
- Schweller, Randall L., “Domestic Structure and Preventive War: Are Democracies More Pacific?”, *World Politics* 44, 1992, pp.235-269
- , *Defending China* (Oxford: Oxford University Press, 1985)
- , “As China Grows Strong”, *International Affairs* 64(2), 1988, pp.217-232
- , “Tying China into the International System”, *Survival* 37(2), 1995, pp.60-73
- , “East Asia and the “Constrainment” of China”, *International Security* 20(4), 1996, pp.107-135
- Sha Zukang, “A Chinese View of the World Situation and the New International Order”, in Stuart Harris and Gary Klintworth (eds.), *China as a Great Power: Myths, Realities and Challenges in the Asia-Pacific Region* (New York: St. Martin's Press, 1995), pp.19-27
- Shambaugh, David, “Growing Strong: China's Challenge to Asian Security”, *Survival* 36(2), 1994, pp.43-59
- , “Containment or Engagement of China?: Calculating Beijing's Responses”, *International Security* 21(2), 1996, pp.180-209
- , “Chinese Hegemony over East Asia by 2015?”, *Korean Journal of Defense Analysis* 9(1), 1997, pp.7-28
- Shao, Zuze, Guo Peixing, and Li Yong, “Development of China's Petroleum Industry and Its Effect on China-ASEAN Economic Relations”, in Chia Soiw Yue and Cheng Bifan (eds.), *ASEAN-China Economic Relations: Developments in ASEAN and China* (Singapore: Institute of Southeast Asian Studies, 1989), pp.112-140
- Sharma, Shalendra D., “Asia's Economic Crisis and the IMF”, *Survival* 40(2), 1998, pp.27-52
- Sheehan, Michael, “The Place of the Balancer in Balance of Power Theory”, *Review of International Studies* 15(2), 1989, pp.123-134
- Sheng Lijun, “Beijing and the Spratlys”, *Issues & Studies* 31(7), 1995, pp.18-45
- Shih, Chih-yu, *China's Just World: The Morality of Chinese Foreign Policy* (Boulder and London: Lynne Rienner, 1993)

Bibliography

- Shipping Zheng, *Party vs. State in Post-1949 China: The Institutional Dilemma* (Cambridge: Cambridge University Press, 1997)
- Shoulong Chu, "The PRC Girds for Limited, High-Tech War", *Orbis* 38(2), 1994, pp.177-191
- Shu Guang Zhang, "China: Traditional and Revolutionary Heritage", in Ken Booth and Russell Troad (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999), pp.29-50
- Simon, Sheldon, W., "Realism and Neoliberalism: International Relations Theory and Southeast Asian Security", *Pacific Review* 8(1), 1995, pp.5-24
- Singer, J. David, "International Conflict: Three Level of Analysis" *World Politics* 12(3), 1960, pp.453-461
- , "The Level of Analysis Problem in International Relations", in James N. Rosenau (ed), *International Politics and Foreign Policy: A Reader in Research and Theory* (New York: Free Press, 1969), pp.20-29 [Reprinted from Klaus Knorr and Sidney Verba (eds.), *The International System: Theoretical Essays* (Princeton: Princeton University Press, 1961), pp.77-92]
- Singh, Bilveer, "Sino-Southeast Asian Relationship in the Post-Deng Era", *The Korean Journal of Defense Analysis* 7(2), 1995, pp.41-56
- Sjolander, Claire Turenne, and Wayne S. Cox (eds.), *Beyond Positivism: Critical Reflections on International Relations* (Boulder and London: Lynne Rienner Publishers, 1994)
- Small, Melvin and J. David Singer, "The War Proneness of Democratic Regimes, 1816-1965", *Jerusalem Journal of International Relations* 1(4), 1976, pp.50-69
- Smith, Esmond D., Jr., "China's Aspirations in the Spratly Islands", *Contemporary Southeast Asia* 16(3), 1994, pp.274-294
- Smith, Steve, "The Self-Images of a Discipline: A Geneology of International Relations Theory", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.1-37
- , "New Approaches to International Theory", in John Baylis and Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations* (Oxford: Oxford University Press, 1997), pp.165-190
- Smith, Steve, Ken Booth and Marysia Zalewski (eds.), *International Relations Theory: Positivism and Beyond* (Cambridge: Cambridge University Press, 1996);
- Snidal, Duncan, "Relative Gains and the Pattern of International Cooperation", *American Political Science Review* 85, 1991, pp.701-726
- So, Alvin Y., "China Under the Shadow of Asian Financial Crisis: Retreat from Economic and Political Liberalization?", *Asian Perspective* 23(2), 1999, pp.83-109
- Soesastro, Hadi, "ASEAN during the Crisis", *ASEAN Economic Bulletin* 15(3), 1998, pp.373-381
- Solomon, Richard H., *Chinese Negotiating Behavior: Pursuing Interests Through 'Old Friends'* (Washington D.C.: United States Institute of Peace Press, 1999)
- Solomon, Stacey, "The PLA's Commercial Activities in the Economy: Effects and Consequences", *Issues & Studies* 31(3), 1995, pp.21-43
- Spiro, David E., "The Insignificance of Liberal Peace", *International Security* 19(2), 1994, pp.50-86
- Spirtas, Michael, "A House Divided: Tragedy and Evil in Realist Theory", *Security Studies* 5(3), 1996, pp.385-423
- Starr, Harvey, "Democracy and War: Choice, Learning and Security Communities", *Journal of Peace Research* 29(2), 1992, pp.207-213
- , "Democracy and Integration: Why Democracies Don't Fight Each Other", *Journal of Peace Research* 34 (2), 1997, pp.153-162
- Stein, Arthur A., "The Politics of Linkage", *World Politics* 33(1), 1980, pp.62-81
- , "When Misperception Matters", *World Politics* 34(4), 1982, pp.505-526

- , “Coordination and Collaboration: Regimes in an Anarchic World”, in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.115-140
- Stenseth, Leni “The Imaged Threat of China in the South China Sea: A Rejoinder”, *Security Dialogue* 30(3), 1999, pp.347-351
- Stewart, Louis H., “Birth Order and Political Leadership”, in Margaret G. Hermann (ed.), *A Psychological Examination of Political Leaders* (New York: Free Press, 1977), pp.205-236
- Stormont, William G., “Report: Managing Potential Conflicts in the South China Sea”, *Marine Policy* 18(4), 1994, pp.353-356
- Storey, Ian James, “Creeping Assertiveness: China, the Philippines and the South China Sea Dispute”, *Contemporary Southeast Asia* 21(1), 1999, pp.95-118
- Strange, Susan, “Cave! hic Dragons: A Critique of Regime Analysis”, in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1984), pp.337-354
- Stuart, Douglas T. and William T. Tow, “A US Strategy for the Asia-Pacific”, *Adelphi Paper* 299, 1995
- Studeman, Michael, “Calculating China’s Advances in the South China Sea: Identifying the Triggers of “Expansionism””, *Naval War College Review* 51(2), 1998, pp.68-90
- General Tao Hanzhang, *Sun Tzu The Art of War* (Hartfordshire: Wordsworth Reference, 1993)
- Terrill, Ross, *Mao: A Biography*, revised and expanded edition (Stanford, California: Stanford University Press, 1999)
- Tow, William T., “Contending Security Approaches in the Asia-Pacific Region”, *Security Studies* 3(1), 1993, pp.75-116
- , “Changing US Force Levels and Regional Security”, *Contemporary Security Policy* 15(2), 1994, pp. 10-43
- , “Strategic Culture in Comparative Perspective”, in Ken Booth and Russell Trood (eds.), *Strategic Cultures in the Asia-Pacific Region* (London: Macmillan, 1999), pp.323-338
- Tretiak, Daniel,, “The Sino-Japanese Treaty of 1978: The Senkaku Incident Prelude”, *Asian Survey* 18(12), 1978, pp.1235-1249
- True, Jacqui, “Feminism”, in Scott Burchill and Andrew Linklater with Richard Devetak, Matthew Paterson and Jacqui True, *Theories of International Relations* (Hampshire: Macmilland Press, 1996), pp.210-251
- Valencia, Mark J., “China and the South China Sea Disputes”, *Adelphi Paper* 298, 1995
- , “Energy and Insecurity in Asia”, *Survival* 39(3), 1997, pp.85-106
- , “Asia, Law of the Sea and International Relations”, *International Affairs* 73(2), 1997, pp.263-282
- Valero, Gerardo M.C., “Spratly Archipelago Dispute: Is the Question of Sovereignty Still Relevant?”, *Marine Policy* 18(4), 1994, pp.314-344
- Vasques, John A., “The Post-Positivist Debate: Reconstructing Scientific Enquiry and International Relations Theory After Enlightenment’s Fall”, in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.217-240
- Voon, Jan P., “Export Competitiveness of China and ASEAN in the U.S. Market”, *ASEAN Economic Bulletin* 14(3), 1998, pp.273-291
- de Vries, Michael S., “Interdependence, Cooperation and Conflict: An Empirical Analysis”, *Journal of Peace Research* 27(4), 1990, pp.429-444
- Wade, Robert, “The Asian Debt-and-development Crisis of 1997-?: Causes and Consequences”, *World Development* 26(8), 1998, pp.1535-1553
- Wagner, R. Harrison, “Economic Interdependence, Bargaining Power, and Political Influence”, *International Organization* 42(3), 1988, pp.461-483

Bibliography

- , "Peace, War, and the Balance of Power", *American Political Science Review* 88(3), 1994, pp.593-607
- Walker, R.J.B., *Inside/Outside: International Relations as Political Theory* (Cambridge: Cambridge University Press, 1993)
- , "Security, Sovereignty, and the Challenge of World Politics", *Alternatives* 15(1), 1990, pp.3-27
- Waltz, Kenneth N., *Man, the State and War: A Theoretical Analysis* (New York and London: Columbia University Press, 1959)
- , "The Stability of a Bipolar World", *Daedalus* 93(3), 1964, p.881-909
- , "The Myth of National Interdependence", in Charles P. Kindleberger (ed), *The International Corporation* (Cambridge, Mass.: The MIT Press, 1970), pp.205-223
- , *Theory of International Politics* (NY: McGraw-Hill, Inc., 1979)
- , "Reflections on *Theory of International Politics*: A Response to My Critics", in Robert O. Keohane (ed.), *Neorealism and Its Critics* (New York: Colombia University Press, 1986), pp.322-345
- , "The Origins of War in Neorealist Theory", in Robert I. Rotberg and Theodore K. Rabb (eds.), *The Origin and Prevention of Major Wars* (Cambridge: Cambridge University Press, 1988), pp.39-52
- , "Realist Thought and Neorealist Theory", *Journal of International Affairs* 44(1), 1990, pp.21-37
- , "The Emerging Structure of International Politics", *International Security* 18(2), 1993, pp.44-79
- , "Evaluating Theories", *American Political Science Review* 91(4), 1997, pp.913-917
- "International Politics Is Not Foreign Policy", *Security Studies* 6(1), 1996, pp.54-57
- Wanandi, Jusuf, "ASENA's China Strategy: Towards Deeper Engagement", *Survival* 38(3), 1996, pp.117-128
- Wang Jisi, "Understanding China's Asian Connection", in Susan L. Shirk and Christopher P. Twomey (eds), *Power and Prosperity: Economics and Security Linkages in Asia-Pacific* (New Brunswick, U.S.A.: Transaction Publishers, 1996), pp.103-118
- Wæver, Ole, "Figures of International Thought: Introducing Persons Instead of Paradigms", in Iver B. Neumann and Ole Wæver (eds.), *The Future of International Relations: Masters in the Making?* IsLondon and New York: Routledge, 1997), pp.1-37
- Webb, Michael C. and Stephen D. Krasner, "Hegemonic Stability Theory: An Empirical Assessment", *Review of International Studies* 15(2), 1989, pp.183-198
- Weede, Erich, "Extended Deterrence by Superpower Alliance", *Journal of Conflict Resolution* 27(2), 1983, pp.231-254
- , "Democracy and War Involvement", *Journal of Conflict Resolution* 28(4), 1984, pp.649-664
- , "Extended Deterrence, Superpower Control, and Militarized Interstate Disputes, 1962-76", *Journal of Peace Research* 26(1), 1989, pp.7-17
- , "Some Simple Calculations on Democracy and War Involvement", *Journal of Peace Research* 29 (4), 1992, pp.377-383
- Weixing Hu, "China's Security Agenda After the Cold War", *Pacific Review* 8(1), 1995, pp.117-135
- Wendt, Alexander E., "The Agent-Structure Problem in International Relations Theory", *International Organization* 41(3), 1987, pp.335-370
- , "Anarchy Is What States Make of It: The social Construction of Power Politics", *International Organization* 46(2), 1992, pp.391-425
- , "Collective Identity Formation and the International State", *American Political Science Review* 88(2), 1994, pp.384-396
- , *Social Theory of International Politics* (Cambridge, Cambridge Press, 1999)

Bibliography

- Whiting, Allen S. "Assertive Nationalism in Chinese Foreign Policy" *Asian Survey* 23(8), 1983, pp.913-933
- , "Chinese Nationalism and Foreign Policy after Deng", *China Quarterly* 142, 1995, pp.295-316
- , "ASEAN Eyes China: The Security Dimension", *Asian Survey* 37(4), 1997, pp.299-322
- Wight, Martin, *Power Politics*, edited by Hedley Bull and Carsten Holbraad (London: Leicester University Press, 1978), chapters 1-5, 9 and 14-16
- Wildavsky, Aaron, "Choosing Preferences by Constructing Institutions: A Cultural Theory of Preference Formation", *American Political Science Review* 81(1), 1987, pp.3-21
- Willy Wo-Lap Lam, *The Era of Jiang Zemin* (Singapore, New York, London, Toronto, Sydney and Mexico City: Prentice Hall, 1999)
- Wilson, Dick, *Mao: The People's Emperor* (London: Hutchinson, 1979)
- Winter, David G. and Abigail J. Stewart, "Content Analysis as a Technique for Assessing Political Leaders", in Margaret G. Hermann (ed), *A Psychological Examination of Political Leaders* (New York: Free Press, 1977), pp.27-61
- Wohlforth, William C., "The Stability of a Unipolar World", *International Security* 24(1), 1999, pp.5-41
- Wolf, Reinhard, Erich Weede, Andrew J. Enterline, Edward D. Mansfield and Jack Snyder, "Correspondence: Democratization and the Danger of War", *International Security* 20(4), 1996, pp.176-207
- Wong, John, "An Overview of ASEAN-China Economic Relations", in Chia Siow-Yue and Cheng Bifan (eds.), *ASEAN-China Economic Relations: Trends and Patterns* (Singapore: Institute of Southeast Asian Studies, 1987), p.1-20
- Wortzel, Larry M, "China Pursues Traditional Great-Power Status", *Orbis* 38(2), 1994, pp.157-175
- Wright, Moorhead, "The Balance of Power: Controversial But Indispensable?", *Review of International Studies* 15(2), 1989, pp.211-214
- Wu Xinbo, "China: Security Practice of a Modernizing and Ascending Power", in Muthiah Alagappa (ed), *Asian Security Practice: Material and Ideational Influences* (Stanford: Stanford UP, 1998), pp.115-156
- Yabuki, Susumu, *China's New Political Economy: The Giant Awakes*, translated by Stephen M. Harner (Boulder: Westview Press, 1995), chapters 1,3,8,9,13 and 16
- Yahuda, Michael, *The International Politics of the Asia-Pacific, 1945-1995* (London and New York: Routledge, 1996)
- , "How Much China Learned about Interdependence?", in David S.G. Goodman and Gerald Segal (eds), *China Rising: Nationalism and Interdependence* (London and New York: Routledge, 1997), pp.6-26
- Yan Sun, *The Chinese Reassessment of Socialism, 1976-1992* (Princeton: Princeton University Press, 1995)
- Yang Deming, Yu Yunding and Shen Huasong, "Economic Reforms in China and Their Impact on China-ASEAN Economic Relations", in Chia Siow-Yue and Cheng Bifan (eds.), *ASEAN-China Economic Relations: Developments in ASEAN and China* (Singapore: Institute of Southeast Asian Studies, 1989), pp.1-22
- Yang Zhong, "Does Ideology Matter?: A Case Study of Sino-ex-Soviet Republics' Relations", *Communist and Post-Communist Studies* 26(4), 1994, pp.463-477
- , "Legitimacy Crisis and Legitimation in China", *Journal of Contemporary Asia* 26(2), 1996, pp.201-220
- Yangmin Wang, "The Politics of U.S.-China Economic Relations: MFN, Constructive Engagement, and the Trade Issue Proper", *Asian Survey* 33(5), 1993, pp.441-462
- Yee, Herbert S., "Beijing's Policies Toward Southeast Asia and the Spratly Islands in the Post-Cold War Era", *Issues & Studies* 31(7), 1995, pp.46-65

Bibliography

- Yergin, Daniel, Dennis Eklof and Jefferson Edwards, "Fueling Asia's Recovery", *Foreign Affairs* 77(2), 1998, pp.34-50
- Yi, Xiaoxiong, "China's U.S. Policy Conundrum in the 1990s: Balancing Autonomy and Interdependence", *Asian Survey* 34(8), 1994, pp.675-691
- Yong Deng, "Managing China's Hegemonic Ascension: Engagement from Southeast Asia", *Journal of Strategic Studies* 21(1), 1998, pp.21-43
- You Ji, "The Revolution in Military Affairs and the Evolution of China's Strategic Thinking", *Contemporary Southeast Asia* 21(3), 1999, pp.344-364
- You Ji and You Xu, "In Search of Blue Water Power: The PLA Navy's Maritime Strategy in the 1990s", *Pacific Review* 4(2), 1991, pp.137-149
- Young, Oran R., "International Regimes: Problems of Concept Formation", *World Politics* 32(3), 1980, pp.331-356
- , "Regime Dynamics: The Rise and Fall of International Regimes", in Stephen D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1983), pp.93-113
- , "International Regimes: Toward a New Theory of Institutions", *World Politics* 39(1), 1986, pp.104-122
- , "Political Leadership and Regime Formation: On the Development of Institutions in International Society", *International Organization* 45(3), 1991, pp.281-308
- Yurdusev, A. Nuri, "'Level of Analysis' and 'Unit of Analysis': A case for Distinction", *Millennium* 22(1), 1993, pp.77-88
- Zacher, Mark W. and Richard A. Matthew, "Liberal International Theory: Common Threads, Divergent Strands", in Charles W. Kegley, Jr. (ed.), *Controversies in International Relations Theory: Realism and the Neoliberal Challenge* (New York: St. Martin's Press, 1995), pp.107-150
- Zakaria, Fareed, "Realism and Domestic Politics: A Review Essay", *International Security* 17(1), 1992, pp.177-198
- Zalewski, Marysia, and Cynthia Enloe, "Questions about Identity in International Relations", in Ken Booth and Steve Smith (eds.), *International Relations Theory Today* (Cambridge: Polity Press, 1995), pp.279-305
- Zhao, Quansheng, "Domestic Factors of Chinese Foreign Policy: From Vertical to Horizontal Authoritarianism", *Annals of the American Academy of Political and Social Science* 519, 1992, pp.158-175
- Zhao, Suisheng, "China's Periphery Policy and Its Asian Neighbors", *Security Dialogue* 30(3), 1999, pp.335-346
- Zhaoyong Zhang and Ow Chin Hock, "Trade Interdependence and Direct Foreign Investment Between ASEAN and China", *World Development* 24(1), 1996, pp.155-170
- Zhiguo Gao, "China and the LOS Convention", *Marine Policy* 15(3), 1991, pp.199-209
- Zoellick, Robert B., "China: What Engagement Should Mean", *National Interest*, 46, 1996/97, pp.13-22
- , "Economics and Security in the Changing Asia-Pacific", *Survival* 39(4), 1997/98, pp.29-51

Articles (internet)

- Almonte, Jose T., "ASEAN Must Speak with One Voice on the South China Sea", *CSIS PacNet Newsletter* #11, March 2000, available at <http://webu6102.ntx.net/pacfor/pac0011.html>
- Bin Yu, "NATO's Unintended Consequence: A Deeper Strategic Partnership . . . Or More", *CSIS Pacific Forum Comparative Connection: China-Russia* (2Q 1999), available at <http://www.csis.org/pacfor/cc/992Qchina-rus.html>
- , "Coping With the Post-Kosovo Fallout", *CSIS Pacific Forum Comparative Connection: China-Russia* (3Q 1999), available at <http://www.csis.org/pacfor/cc/993Qchina-rus.html>

- , “New Century, New Face, and China’s “Putin Puzzle””, CSIS Pacific Forum Comparative Connection: China-Russia (1st Quarter, 2000), available at <http://www.csis.org/pacfor/cc/001Qchina-rus.html>
- , “Strategic Distancing ... or Else?”, CSIS Pacific Forum Comparative Connection: China-Russia (2nd Quarter, 2000), available at <http://www.csis.org/pacfor/cc/002Qchina-rus.html>
- , “Putin’s Ostpolitik and Sino-Russian Relations”, CSIS Pacific Forum Comparative Connection: China-Russia (3rd Quarter, 2000), available at <http://www.csis.org/pacfor/cc/003Qchina-rus.html>
- , “Putin in Its First Year”, CSIS Pacific Forum Comparative Connection: China-Russia (4th Quarter, 2000), available at <http://www.csis.org/pacfor/cc/004Qchina-rus.html>
- , “Crouching Missiles, Hidden Alliances”, CSIS Pacific Forum Comparative Connection : China-Russia (1Q 2001), available at <http://www.csis.org/pacfor/cc/0101Qchina-rus.html>
- Chan, Ronnie C., “Asia’s Crisis and China’s Response”, *CSIS PacNet Newsletter* No. 13, 27 March 1998 (<http://www.csis.org/organisation/pacfor/pac1398.html>).
- Cossa, Ralph A., “Security Implications of Conflict in the South China Sea: Exploring Potential Triggers of Conflict”, *CSIS PacNet Newsletter* #16, 17 April 1998, available at <http://www.csis.org/pacfor/pac1698.html>
- , “Mischief Reef: A Double Betrayal”, *CSIS PacNet Newsletter* #49, 22 December 1998, available at <http://www.csis.org/pacfor/pac4998.html>
- Finkelstein, David and Michael McDevitt, “Competition and Consensus: China’s “New Concept of Security” and the United States Security Strategy for the East Asia-Pacific Region”, *CSIS PacNet Newsletter* #1, 8 January 1999, available at <http://www.csis.org/pacfor/pac0199.html>
- Frazier, Mark W., “Coming To Terms with the “WTO Effect” on U.S.-China Trade and China’s Economic Growth”, *NBR* (National Bureau of Asian Research) *Briefing*, September 1999, available at <http://www.nbr.org/publications/briefing/frazier99/index.html>
- Gershman, John, “In Focus: Asia Pacific Economic Cooperation (APEC)”, *Foreign Policy in Focus* 5(39), November 2000, available at <http://www.foreignpolicy-infocus.org/briefs/vol5/v5n39apec.html>
- Gill, Bates, “Chinese Military Power”, United States House of Representatives Armed Services Committee 19 July 2000, available at <http://www.brookings.edu/views/testimony/gill/20000719.htm>
- Green, Michael J. and Toby F. Dalton, “Asian Reactions to U.S. Missile Defense”, *NBR* (National Bureau of Asian Research) *Analysis* 11(3), November 2000, available at <http://www.nbr.org/publications/analysis/vol11no3/Essay.html>
- Imai, Satoshi, “Asian Currency Crisis and the Chinese Economy”, Council for Nuclear Fuel : *Plutonium* No.21 (Summer 1998), available at <http://www.glocomnet.or.jp/cnfc/pl21/index.html>
- Ji Guoxing, “SLOC Security in the Asia Pacific”, Center Occasional Paper, Asia-Pacific Center for Security Studies Honolulu, Hawaii (February 2000), available at http://www.apcss.org/Paper_SLOC_Occasional.htm
- Jin Song, “Energy Security in the Asia-Pacific: Competition or Cooperation?”, Asia-Pacific Center for Security Studies (15 January 1999 Honolulu, Hawaii), available at http://www.apcss.org/Report_Energy_Security_99.html
- Kelly, James A., “Waves in the Pacific: The White Paper After Three Weeks”, *Pacnet Newsletter* #10, 3 March 2000, available at <http://webu6102.ntx.net/pacfor/pac0010.html>
- Lardy, Nicholas R., “Is China a “Closed” Economy?”, Prepared Statement for a Public Hearing of the United States Trade Deficit Review Commission, 24 February, 2000 (<http://www.brookings.edu/views/testimony/lardy/20000224.htm>)
- , “Permanent Normal Trade Relations for China”, *Brookings Institute Policy Brief* #58—May 2000, available at <http://www.brookings.edu/comm/policybriefs/pb058/pb58.htm>
- Lee, Seo-Hang, “Security of SLOCs in East Asia”, University of California, Institute on Global Conflict and Cooperation, *Policy Paper* 33, 1998, available at <http://www-igcc.ucsd.edu/>

Bibliography

- Leventhal, Paul, "Present Assessments Understate Iraq's Nuclear Weapons Potential" (For Immediate Release, Nuclear Control Institute, 30 November 1990), available at <http://www.nci.org/t113090.htm>
- Lilley, James R., "China and the Asian Turmoil", IntellectualCapital Com. 12 February 1998 (<http://www.intellectualcapital.com/issues/98/0212/icworld2.asp>)
- Lyman, Edwin S., "Iraq: How Close to a Nuclear Weapon?" (Nuclear Control Institute, 30 November 1995), available at <http://www.nci.org/i/ib113095.htm>
- McDevitt, Michael, "China and the South China Sea--A Conference Summary Report", *Pacnet Newsletter* #15, 16 April 1999, available at <http://www.csis.org/pacfor/pac1599.html>
- Mohamed Jawhar Hassan, "Post-Crisis Asian Views of the West: Mounting Apprehensions", *Pacnet Newsletter* #46, 24 November 1999 (<http://webu6102.ntx.net/pacfor/pac4699.html>)
- Noer, John H., "Southeast Asian Chokepoints : Keeping Sea Lines of Communication Open", Strategic Forum : Number 98, December 1996 (National Defense University, Institute for National Strategic Studies) available at <http://www.ndu.edu/inss/strforum/forum98.html>
- Ortuoste, Maria Consuelo C., "Reviewing the ASEAN Regional Forum and its Role in Southeast Asian Security", Paper for the Asia-Pacific Center for Security Studies (27 September 2000), available at http://www.apcss.org/Paper_Reviewing_ASEAN_Forum.htm
- Perry, William J., "Security and Stability in the Asia-Pacific Region", *PacNet Newsletter* No.18, 5 May 2000, available at <http://webu6102.ntx.net/pacfor/pac0018.html>
- Scobell, Andrew, "Slow-Intensity Conflict In The South China Sea", Foreign Policy Research Institute, E-Notes, 16 August 2000, available at <http://www.nyu.edu/globalbeat/asia/FPRI081600.html>
- Strecker Downs, Erica, "China's Quest for Energy Security", RAND Corporation MR-1244-AF, October 2000, available at <http://www.rand.org/publications/MR/MR1244/>
- Thayer, Carlyle A., "Some Progress, Along with Disagreements and Disarray", CSIS Pacific Forum Comparative Connections: China - ASEAN (2nd Quarter 1999), available at http://www.csis.org/pacfor/cc/992Qchina_asean.html
- , "Beijing Plans for a Long Term Partnership and Benefits from Anti-Western Sentiment", Pacific Forum CSIS Comparative Connection : China - ASEAN (3rd Quarter 1999), available at http://www.csis.org/pacfor/cc/993Qchina_asean.html
- , "Beijing Consolidates Long-Term Regional Relations", Pacific Forum CSIS Comparative Connection : China - ASEAN (4th Quarter 1999), available at http://www.csis.org/pacfor/cc/994Qchina_asean.html
- , "Tensions Promote Discussions on a Code of Conduct", Pacific Forum CSIC Comparative Connection : China - ASEAN (1st Quarter 2000), available at http://www.csis.org/pacfor/cc/001Qchina_asean.html
- , "China Consolidates Its Long-term Bilateral Relations with Southeast Asia", Pacific Forum CSIS Comparative Connection : China - ASEAN (2nd Quarter 2000), available at http://www.csis.org/pacfor/cc/002Qchina_asean.html
- , "China 's "New Security Concept" and ASEAN", Pacific Forum CSIS Comparative Connection : China - ASEAN (3rd Quarter 2000), available at http://www.csis.org/pacfor/cc/003Qchina_asean.html
- , "ASEAN Ten Plus Three: An Evolving East Asian Community?", Pacific Forum CSIS Comparative Connection : China - ASEAN (4th Quarter 2000), Available at http://www.csis.org/pacfor/cc/004Qchina_asean.html
- , "Regional Rivalries and Bilateral Irritants", CSIS Pacific Forum Comparative Connection: China-ASEAN (1st quarter 2001), available at http://www.csis.org/pacfor/cc/0101Qchina_asean.html
- Troush, Sergei, "China's Changing Oil Strategy and its Foreign Policy Implications", CNAPS Working Paper, Fall 1999, available at http://www.brookings.edu/fp/cnaps/papers/1999_troush.htm
- Weeks, Stanley B., "Sea Lines of Communication (SLOC) Security and Access". University of California, Institute on Global Conflict and Cooperation, *Policy Paper* 33, 1998, available at <http://www-igcc.ucsd.edu/>

Bibliography

Weidenbaum, Murray and Harvey Sicherman, "The Chinese Economy: A New Scenario". Foreign Policy Research Institute *WIRE*, 7(1) (January, 1999), available at <http://www.taiwansecurity.org/IS/IS-Weiden&S.htm>

Yann-huei Song, "South China Sea Code of Conduct and Taiwan", *Pacnet Newsletter* #40, 6 October 2000, available at <http://webu6102.ntx.net/pacfor/pac0040.html>

Yates, Stephen J., "Out of the MFN Trap: The China Policy Act of 1997", Heritage Foundation *Executive Memorandum* No. 494, 26 September 1997, available at <http://www.heritage.org/library/categories/forpol/em494.html>

———, "Why Normal Trade With China Should Continue", Heritage Foundation *Executive Memorandum* No. 607, 17 June 1999, available at <http://taiwansecurity.org/IS/Yates-990617.htm>

Yates, Stephen J. and Larry M. Wortzel, "How Trade with China Benefits Americans", Heritage Foundation *Backgrounders* No. 1367 (5 May 2000), available at <http://www.heritage.org/library/backgrounder/bg1367.html>

"China : Pressure for Devaluation?", Asia-Pacific Policy Center *Issue Brief*, 29 July 1998 (http://www.appcusa.org/organisation/issue_briefs/1998/Ibid._072998.html)